

Competing Strategies Evaluation on Consumer Visit Reduction: A Case Study on a Culinary Business Operation

by Nur Wening

Submission date: 26-Apr-2021 12:46PM (UTC+0700)

Submission ID: 1569980067

File name: ting_Strategies_Evaluation_Visit_Reduction_ASERS_Publishing.pdf (307.65K)

Word count: 7729

Character count: 43598



Competing Strategies Evaluation on Consumer Visit Reduction: A Case Study on a Culinary Business Operation

Budiono SULISTYADI

University of Technology Yogyakarta, Indonesia
budionosulistiyadi@gmail.com

Nur WENING

University of Technology Yogyakarta, Indonesia
wening104@yahoo.co.id

Tutut HERAWAN

University of Technology Yogyakarta, Indonesia
tutut@uty.ac.id

Suggested Citation:

Sulistiyadi, B., Wening, N., Herawan, T. (2019). Competing Strategies Evaluation on Consumer Visit Reduction: A Case Study on a Culinary Business Operation. *Journal of Environmental Management and Tourism*, (Volume X, Spring), 2(34): 307 – 318. DOI:10.14505/jemt.v10.2(34).04

Article's History:

Received January 2019; Revised February 2019; Accepted February 2019.
 2019. ASERS Publishing©. All rights reserved.

Abstract:

This research evaluates the competing strategy of a culinary business in dealing with the ever-changing business dynamics. The analysis is conducted qualitatively using Porter's industrial structural analysis based on the five competitive powers, namely threat of new entrants, bargaining power of buyers, threat of substitute products or services, bargaining power of suppliers, and rivalry among existing competitors. The research was conducted at Tenpura Hana restaurant, which is currently experiencing a reduction in consumer visit, and other respondents, namely four competing restaurants nearby and three other restaurants that are potentially able to offer replacement products. Data of new entrants' threat, replacement product threat, and rivalry among existing competitors are obtained by means of survey and data collection using questionnaires for Tenpura Hana Restaurant, four competing restaurants nearby and three other restaurants that are potentially able to offer replacement products. Data on buyers' bargaining power and suppliers' bargaining power are obtained from records at Tenpura Hana Restaurant. The analysis results show that Tenpura Hana restaurant uses the generic competing strategy of differentiation against pressures which cause a decline in customer visits. With this research, culinary business practitioners are expected to be able to evaluate their business competing strategies.

Keywords: competing strategy; culinary; Porter's analysis; cost leadership.

JEL Classification: M21; M31; O14; P23; Z30.

Introduction

Competition in the business world is unavoidable. Kuncoro and Suriani (2017) suggested that an attempt to understand what and how to manage a variety of resources owned to win the competition and create competitive advantage must always be created. According to Bapat (2017), strategy is considered as the basic way to achieve objectives and goals. This study aims to provide information for management to obtain the right strategy for companies in dealing with external and internal environment changes in order to obtain sustainable competitive advantages. Cravens and Piercy (2013) commented that a competitive edge in the culinary business is essential for consumer retention and for maintaining existence in the industry. This article discusses the evaluation on competing strategies due to a decline of consumer visits at a particular culinary business, to understand why this happens and what the appropriate competing strategy is in dealing with an ever changing dynamics of business in

order to achieve company's goals. The research was conducted at Tenpura Hana restaurant, which currently experiences a decline in customer visits, a restaurant with a 100-seat capacity, and one of the pioneers of continental culinary in Sleman regency. Culinary offers in terms of preparing meals, is a closely related part of daily consumption of food. Human's lifestyle changes in the society, has changed the function of food not only as a means to satisfy hunger, but also to maintain health and to show social, economic, and cultural status. Cutleries show social status, nutritional content and choice of location show economic status, food preparation and presentation style show cultural status. According to Walker and Lundberg (2007) the need for food and the restraints of daily activities which demand practicality and lifestyle changes have encouraged the growth of culinary businesses, not only as a place to enjoy food, but also to appreciate a cozy atmosphere. The growth of the number of restaurants, both international and local, has generated a tight culinary business competition, because consumers have more options for local as well as international restaurants. According to Magretta (2012), competition is a never-ending work process towards a company's ability to find and maintain an edge. A competition which gets tougher and tougher demands companies to determine an accurate strategy to run the business in order to survive in the competition. Porter and Maulana (1990) stated that the key to success in a competition is not by defeating competitors but by creating values. With this concept, competition means the effort to continually give values to the consumers more than those given by other companies in the same business.

According to David (2009) evaluation is conducted by reviewing external and internal factors, observing performance, and taking corrective actions. Before Porter, the analysis tool commonly used to review external and internal factors is the SWOT analysis. Bohari *et al.* (2017) stated that the SWOT analysis is a strategic planning method to evaluate the strength, weakness, opportunity, and threat characterizing any type of industry. Magretta (2012) emphasized that Porter's analysis has stronger instruments and related with economic principles. Therefore, Porter's analysis is chosen in order to be applied more objectively in understanding competition dynamics.

After eighteen years in operation, Tenpura Hana restaurant starts experiencing a decline in consumer visits significantly. Tenpura Hana Restaurant (2014) noted that in the last four years, the decline of consumers' visits reaches 42.80%, therefore, the average annual rate of consumer visit decline is 7.13%. In the same six years, Tourism Office of Sleman Regency (2014) noted that the growth of international restaurants number reached 29.80% or 4.97% annually, on average, and the growth of local restaurants number reached 48.43% or 8.07% annually, on average. As an effort to increase the number of customers again, Tenpura Hana as a restaurant which specializes in original Japanese food has added a variation of the menu served and has increased promotion. However, there hasn't been any significant result. Therefore, an evaluation on the competition strategy applied is needed.

The evaluation on the competing strategy in this research was conducted in the sixth year of the declining number of customers' trend at Tenpura Hana restaurant, the investigation are focused to the following problems:

- the factors that cause of the declining number of customers;
- the appropriate competition strategy towards gaining a sustainable competitive edge.

To answer the aforementioned problems, we need to review the external as well as internal environment which may influence a company.

Therefore, this research will help culinary business practitioners to better understand the steps taken in performing evaluation on competing strategy in order to achieve a sustainable competitive edge, by using Porter's theory of industry structure analysis. Analysis is performed qualitatively based on the five competitive forces, according to Porter and Maulana (1990), that collectively determine industry profitability, namely the threat of new entrants, bargaining power of buyers, threat of substitute products or services, bargaining power of suppliers, and rivalry among existing competitors.

1. Rudimentary and Propositions Development

1.1. Evaluation

Fred and Forest (2017) stated the best formulated and best implemented strategies become obsolete as a firm's external and internal environments change, it is essential that strategists systematically review, evaluate, and control the execution of strategies. Evaluation is the final stage in strategic management as a means to determine the information whether the strategy has been running well. Evaluation is performed to assess program achievement, target satisfaction, program activity execution, component display, and program material. Business dynamics which include the external and internal environment continue to change. Thus, evaluation is very important to discover or overcome potential problems that occur so as not to become increasingly critical. In overcoming the problems, a strategy related to competition is needed so that the right competitive strategy is needed.

1.2. Competing Strategy

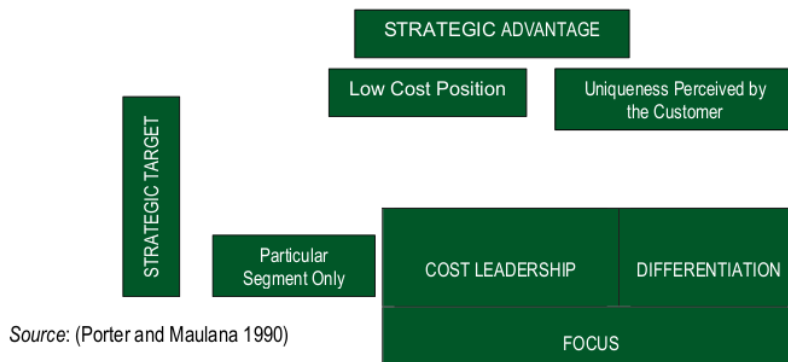
One of the realities in the business world is a multi-dimensional competition. Strategy is about making choices along with the various existing dimensions. Magretta (2012) stated that there are basic principles that can be used to analyze any competitive situation and to determine reasonable strategy choices. According to Argyris (2002) strategy is a continuous and adaptive response towards external opportunities and threats as well as internal strength and weaknesses which can influence an organization. Pearce II and Robinson (2011) stated that strategy is a large-scale plan with futuristic orientation to interact with competition conditions to achieve goals. Strategy is the utilization and allocation of all resources to achieve companies' long-term goals. Therefore, competing strategy is the utilization and allocation of a company's resources in order to continuously provide value to the customers better than other companies in the similar business.

The formulation and implementation of an accurate competing strategy will result in sustainable competitive edge. According to Fred and Forest (2017) a competitive edge is everything that a company performs more specially than what competition companies perform. A competitive edge should be viewed as a dynamic process rather than an end result. Porter and Maulana (1990) stated that the aim of competing strategy is to determine the position in industry where a company can protect itself well against competitive pressures or influence such pressures positively. The fundamental object of a competing strategy formulation is connecting the company with its environment. The major aspect of a company's environment is the industry where the company competes. The industry structure has a strong influence in the competition, aside from the strategies which are potentially available for the company. The powers outside the industry are also important because they influence all companies within the industry, therefore, a company's different capability to cope with such powers would be crucial. Porter and Maulana (1990) stated that the structure of an industry is embodied in five competitive forces that collectively determine industry profitability, namely the threat of new entrants, bargaining power of buyers, threat of substitute products or services, bargaining power of suppliers, and rivalry among existing competitors. According to Porter and Maulana (1990) in overcoming various competitive forces, there are three generic competitive strategy approaches that will potentially succeed in outperforming other companies in one industry.

1.3. Generic Competing Strategy

Generic competition strategies aim to create profitable and strong stance in industrial competition, by using it as a reference in determining the planning, formulation, and implementation of operational activities so that the company has a clear direction to achieve its objectives. Fred and Forest (2017) stated that evaluation of competitive strategies is very important for the continuity of the company's operations because it can provide early warning of potential problems to the management before the situation becomes critical. Strategy evaluation includes three basic activities, namely examining company's strategies, comparing expected results with actual results, and taking corrective actions so that the company's performance is as planned. Among many theoretical typologies of business-level strategies (or generic or competitive), According to Jacome *et al.* (2002), Porter's typology of low-cost, differentiation and focus strategies is widely accepted, both academically and practically. Salavou (2015) stated that Porter's was the most dominant framework of competitive strategies, (see Figure 1).

Figure 1. Generic Competing Strategy



Source: (Porter and Maulana 1990)

According to Panwar *et al.* (2016), a cost leadership focus means that a firm aspires to become the lowest cost producer in its industry. For this objective, the company must be able to create products with a very low-cost

rate, which must be achieved with a very high level of efficiency. Efficiency can be achieved by gaining favorable access towards raw materials, designing products that are simple and easy to make, cost reduction along with added experience, control over process cost, minimized service and advertisement costs. The company must select a vast market segment, take a little profit from each product, but can sell in large quantities while maintaining product and service quality. Cost leadership will be able to protect a company's position against the five powers of competition, because it will create an entrance barrier, resistance against competition among business practitioners, advantage against complementary products, and protection against power buyers and power suppliers. The failure risk of this strategy is when consumers are no longer sensitive towards price, also when inflation rate gets so high that the company can no longer avoid raising prices.

Panwar *et al.* (2016), also stated that differentiation refers the creation of a product or service that is somehow unique from its competitor's, it can be achieved through design or brand image, technology, customer service, or other features that are valuable to customers. The company chooses and positions products at the attribute and service considered essential by consumers. The application of quality, technology, and customer service will be able to make differentiation as a long-term competition strategy. Differentiation strategy needs human resource, financial resource, and leadership in producing new products with quality and uniqueness valued by consumers. The company is demanded to perform research and development, new product engineering, and marketing, supported by leading image and reputation especially in terms of quality and service. Differentiation strategy will be able to support premium price policy and will also be able to obtain high brand loyalty because of consumers' high interest and attachment towards the product although the market share is limited. Differentiation strategy will generate above average profit in the industry and create a secure position against the five powers of competition due to brand loyalty from consumers. The risk of failure from such a strategy is when consumers do not see product uniqueness, when product knock off can easily be made and can be done quickly, and that the premium price offered is too high.

According to Salavou (2015), the strategy of focus, based either on low costs or differentiation or both, involves serving a segment that is specialized in terms of a limited geographic market, a certain kind of customer or a narrow range of products, and doing so more effectively or efficiently than competitors who are competing more broadly. The company will reach cost advantage in serving the target or reach differentiation because it fulfills specific target needs better or even reach both. Focus strategy will accurately be applied if the market is made up of several segments with varying needs and which are potentially expected to develop in the future. The failure risk can happen there is a change in the target segment's taste, which heads towards a tendency in general taste that happens in the market as a whole, also when the attraction towards entering the segment gets stronger and stronger, so that competitors are interested to enter. Fred and Forest (2017) stated that the decision in choosing generic competitive strategy will have significant long-term consequences. Wrong decisions will result in losses that make it difficult to achieve the company's long-term goals, while the right decisions will be able to maintain sustainable competitive advantages. Salavou (2015), mentioned that competitive strategy concerned the question of how to create competitive advantage in each of the business units in which a company competes.

Proposition 1: There is a positive relationship between generic competitive strategies and sustainable competitive advantages.

1.4 Segmenting, Targeting, Positioning

Decisions on product positioning and design are crucial for managers to meet diverse customer needs and achieve the firm's goals. Lei and Moon (2015) stated that the company has to establish its market and subsequently subdivide this market so that it can address the needs, posed by a particular market segment, with specific products. According to Dangelico and Vocalelli (2017), consumers could be divided based on the object according to their necessities. Grouping is conducted by identifying geographical, demographical, and personal variables, and then developing a profile of the segment created. An effective segmentation based on characteristics that are measurable, reachable, substantial, different, and serviceable.

According to Armstrong and Kotler (2015), targeting is a process of evaluating each market segment's interest and then to choose one or several segments to enter. Evaluation of the segment's interest can be conducted using criteria of measurement and potential of the segment's growth in accordance with a company's resources and capability, as well as assessment of the five powers which influence competition, namely the threat of new entrants, bargaining power of buyers, threat of substitute products or services, bargaining power of suppliers, and rivalry among existing competitors. Ries and Trout (2001) stated that positioning is the process of placing products on the minds of prospective consumers through communication. In the attempt to create positioning for a product, a company must communicate and provide benefits demanded by the target market. When the consumers

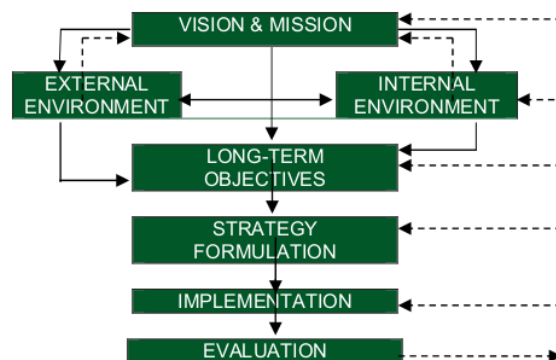
have the perception as expected by created the product, then positioning is said to be successful. Kotler and Keller (1986) emphasized that segmentation is integral with targeting and positioning. Fred and Forest (2017) stated that market segmentation is an important variable in strategy implementation because it is related to a new or improved market, limited use of resources, and influences marketing mix variables. If the segmentation has been carried out, it is followed by designing to set targets and then determining the market position so that segmenting, targeting and positioning are related to strategies to achieve the company's long-term goals.

Proposition 2: Segmenting, targeting, and positioning have simultaneous effect on sustainable competitive advantages.

1.5. Strategic Management Process

According to Fred David (2009), strategic management process is a series of steps taken to implement and evaluate strategy, which is described as strategic management model (see Figure 2). The formulation of strategy consists of vision and mission setting, external and internal analysis, target setting, and strategy selection. The implementation is in the form of applying strategy formulation in order to achieve company's goals. Evaluation is a process to assess the success of strategy formulation and implementation, as one of the steps taken in strategic management which must be continually performed. Through evaluation, there will be feedback for the company's vision and mission, external and internal analysis, target setting, strategy selection, and implementation, thus, management can be proactive in selecting a better strategy in order to achieve company's goals. Strategy evaluation consists of three main activities, namely reviewing external and internal factors that affect the company, looking at the results achieved by the company, and making corrections on the company's strategy. It can be concluded that evaluation of competing strategy includes activities in making corrections on company's strategies in order to achieve sustainable competitive edge. Competing strategy represents actions taken to fulfill long term goals. Therefore, a hypothesis can be stated that there is a positive correlation between competing strategy and a company's sustainable competitive edge.

Figure 2. Strategic Management Model



Source: (Fred David 2009)

2. Proposed Method

The data collection is carried out by researchers; primary data obtained by means of surveys and secondary data obtained through intermediary media in the form of evidence, notes, or historical reports. The data were taken from 8 international restaurants in Sleman Regency in 2014, namely Tenpura Hana Restaurant (R₁) and 4 similar Japanese cuisine restaurants as the closest competitors (R₂, R₃, R₄, R₅) and 3 other international restaurants namely Korean cuisine restaurants, Italian cuisine, and Indonesian cuisine that has the potential to produce a substitute product (R₆, R₇, R₈). Two of the four Japanese cuisine restaurants are chain restaurants. The questionnaire contained several questions about the threat of the new entrants consisting of buildings, interiors, guest capacity, tableware, labor; bargaining power of buyers consisting of travel agents, caterings, communities, individuals; threat of substitute products or services consisting of variety of dishes, serving prices, taste, services, advertisements, new dishes; bargaining power of suppliers consisting of sauce ingredients, seafood, meat, vegetables, cooking oil & rice; and rivalry among existing competitors consisting of closest competitors, variety of dishes, serving prices, taste, services, advertisements, new dishes. The questionnaire was distributed to 8 respondents representing each restaurant: namely 1 chef, 5 cashiers, 1 marketing staff, and 1 administrative staff.

The respondents consist of 6 females and 2 males, 4 respondents are diploma program graduates, and 4 respondents have bachelors' degree. In terms of service length, 1 respondent has 1 year, 2 respondents have 3 years, 2 respondents have 4 years, 2 respondents have 6 years, and 1 respondent has 24 years. According to Silaban (2006), the data obtained are categorized into three based on the weight of the influence they make on the matter, namely high (H) if the data have a big influence, medium (M) if the data have a medium influence, and low (L) if the data have a low influence. After the data are obtained, they are weighted based on the extent of influence on the matter and are presented in the form of a table for later analysis.

The review on external as well as internal factors which influence a company is conducted using Porter's structural industry analysis. Porter and Maulana (1990) stated that structural industry analysis includes the five forces, namely threat of new entrants, bargaining power of buyers, threat of substitute products or services, bargaining power of suppliers, and rivalry among existing competitors (Figure 3).

Figure 3. Five Competitive Forces of Industrial Structure



Source: Porter and Maulana 1990

Threat of New Entrants, the data are in the form of capital needs for construction value, interior value, and workers' skills, they are obtained by conducting a survey to Tenpura Hana restaurant and four out of five nearest competitor restaurants. The data sources are staffs who work at those restaurants. Analysis on the threat of new entrants is performed by investigating entrance barriers in the form of capital need. Therefore, answers are needed from questions about how big the cost is for a restaurant building, how big the cost is for the restaurant's interior, the cost for restaurant equipment, and how easy it is to get skilled labors. The bigger the costs and the more difficult it is to get skilled labors, the harder the entrance barrier, thus, the lower the threat of new entrants to the company.

Bargaining Power of Buyers, the data are in the form of Tenpura Hana's consumer groups, namely travel agents, catering companies, communities, and individuals. The data source is Tenpura Hana restaurant's document. Analysis of the bargaining power of buyers is conducted by investigating how big the buyers' power in influencing the company. For this, answers are needed for questions about how many groups of buyers there are in the company, and what the buying volumes of buyer groups are. The bigger the buying volumes, the bigger the buyers' bargaining power that they can press the company to lower the products' sales price, or to demand extra service.

Threat of Substitute Products or Services, the data are in the form of menu variations, per serving price, and taste, they are obtained by performing a survey to three international restaurants which potentially produce substitute products. The data sources are menu books, servings, and staffs of the restaurants. Analysis of the threat of substitute products is conducted by investigating how big the power of substitute products is to make consumers leave and switch. For this, answers are needed for questions about how varied the types of food served are, how much the selling price per serving, how familiar the taste is, and how good the service is. The stronger the potential threat of substitute products, the more likely the market condition would change because consumers would switch choices.

Bargaining Power of Suppliers, the data include the number of suppliers of Tenpura Hana's raw materials, such as ketchup, sea food, meat, vegetables, cooking oil, and rice. The data sources are Tenpura Hana restaurant's documents. Analysis of the bargaining power of suppliers is conducted by investigating how big the suppliers'

bargaining power is to influence or to force the company. For this, answers are needed for questions about the number of suppliers in the market, the types of raw materials needed, and the number of suppliers of each of the raw material. Smaller number of suppliers for the raw materials, the stronger the bargaining power of the suppliers to influence the company on supply availability, production cost, and product quality.

Rivalry among Existing Competitors, the data include menu variations, per serving price, number of advertisements, and new menus, the data are obtained by conducting a survey at Tenpura Hana restaurant and four out five competitor restaurants nearby. Analysis of the level of rivalry of existing competitors is conducted by investigating how tight the competition is. For this, answers are needed for questions about the number of nearby competitors, the variation of menus offered, the price of servings, the frequency of advertisement, and the frequency of new menu products introduced. The tighter the competition, the more difficult it is for the company to thrive.

The activity of competing strategy evaluation to see the results achieved by the company is performed by taking the data from Tenpura Hana restaurant's annual report, whereas the activity to perform correction on the company's competing strategy is conducted by comparing the competing strategy that is currently implemented and another competing strategy which is capable of dealing with external and internal factors that influence the company to achieve sustainable competitive edge.

3. Results and Discussion

3.1. Porter's Industry Structure Analysis

Porter and Maulana (1990) stated that in coming five basic competitive factors, there are three generic strategy approaches that have the potential to outperform other companies in the industry, namely cost advantage, differentiation, and focus. Strategy is a reference that can be used as a starting point in acting, while competitive advantage is the actual thing a company must have to achieve its long-term goals. Generic competitive strategies are a reference for companies to determine sustainable competitive advantages that can be achieved. Tourism Office of Sleman Regency (2014) noted that the number of restaurants in 2013 was 61, while the number of diner was 236. The restaurants consist of 40 Indonesian cuisine restaurants, 8 European cuisine restaurants, 6 Japanese cuisine restaurants, 3 Chinese cuisine restaurants, 2 Italian cuisine restaurants, and 2 Korean cuisine restaurants. Two of the six Japanese cuisine restaurants are chain restaurants. Tenpura Hana restaurant applies the differentiation competing strategy, that is, by offering products with specific Japanese cuisine characteristics in the form of original Japanese eating utensils, Japanese interior decorations, and Japanese traditional music background accompaniment. The differentiation strategy succeeds in supporting the premium price policy and high brand loyalty, because of consumers' interest and attachment. The demographical segmentation consists of middle-aged and above Japanese and local citizens with stable and tend to be big income. Market target are Japanese tourists through travel agents, catering businesses, domestic communities who have visited Japan, and families and individuals who opt to prioritize quality of serving. The expected positioning is as a Japanese restaurant which offers original taste so that consumers would not doubt the quality.

Analysis consists of five basic competition factors, namely the threat of new entrants, bargaining power of buyers, threat of substitute products or services, bargaining power of suppliers, and rivalry among existing competitors.

Table 1. Threat of New Entrants

NO.	Factors of Threat of New Entrants	R ₁	R ₂	R ₃	R ₄	R ₅	R ₆	R ₇	R ₈	Modus
1.	Building	H	H	H	HT	H	H	H	H	H
2.	Interior	H	H	H	H	H	H	H	H	H
3.	Guest Capacity	H	H	H	H	H	H	H	H	H
4.	Tableware	H	H	H	H	H	H	H	H	H
5.	Labor	H	H	H	H	H	H	H	H	H

Notes: R₁₋₈ = Restaurant, H = High, M = Medium, L = Low

Table 1 above shows the data of threat of new entrants. The need for building, parking lot, and billboard size requires a big investment, which is a barrier for new entrants; therefore, the threat of new entrants is low (L). Interior design requires high skills and big capital; therefore, the threat of new entrants is low (L). Guest capacity requires spacious room with air conditioners, this demands big capital, therefore, the threat of new entrants is low (L). Cutleries used are of international standards, which requires big capital; therefore, the threat of new entrants is low (L). Skilled labors for international food making is limited, this a barrier for new entrants, therefore, the threat of new entrants is low (L). From the above analysis, it can be concluded that the need for big capital, the uniqueness

of the interior, and the need for skilled workers will become a barrier for new entrants, therefore, the threat of new entrants is low (L).

Table 2. Bargaining Power of Buyers

NO.	Factors of Bargaining Power of Buyers	Tenpura Hana Restaurant
1.	Travel Agent	H
2.	Catering	H
3.	Community	H
4. 6	Individual	M

Notes: H = High, M = Medium, L = Low

Table 2 above shows the data of bargaining power of buyers. The biggest buyer groups are travel agents the make up 45% of the whole, the price of the dishes and services bought is part of the price offered to end consumers, the Japanese tourists, therefore, the travel agents have a high bargaining power (H). Catering's companies make up 15% of the purchase the price of the dishes and services bought is part of the price offered to end customers, the catering company users. Therefore, the catering companies have a high bargaining power (H). Communities make up 15% of all buyers, although communities consume the dishes and services for themselves, they often influence the price of dishes and services, because they also promote the restaurant to community members, therefore, communities have a high bargaining power (H). Individuals make up 25% of all buyers, even so, individuals consume the dishes and services for themselves, therefore, individuals have medium bargaining power (M). From the above analysis, it can be concluded that buyers' bargaining power is high, because they can decide to switch to other restaurants easily (H).

Table 3. Threat of Substitute Products or Services

No	Factors of Threat of Substitute Products or Services	R ₆	R ₇	R ₈	Modus
1.	Variety of Dishes	7	M	H	H
2.	Serving Price	H	M	H	H
3.	Taste	H	H	H	H
4.	Service	H	4	H	H
5.	Advertisement	M	M	M	M
6.	New Dish 6	M	M	M	M

Notes: R₆₋₈ = Restaurant, H = High, M = Medium, L = Low

Table 3 above shows the data of threat of substitute products or services. Dishes offered by replacing product restaurants have high variations, they offer many choices for the consumers, thus, they are a threat for Tenpura Hana's dishes (H). The price of such dishes is quite high, in accordance to the restaurants' class, which makes it a threat for Tenpura Hana restaurant (H). The high quality of taste offered is an alternative option for travel agents, therefore, the threat of replacement products is high (H). Replacement product restaurants offer high quality service, in accordance to the restaurants' class. They have become a threat for Tenpura Hana restaurant (H). Advertisements are not frequently produced. They do not really influence the information about Tenpura Hana restaurant's dishes (M). Offers of new dishes are not often made. They do not pose a threat to the interest towards Tenpura Hana restaurant's dishes (M). From the above analysis, it can be concluded that replacement product restaurants are strongly threatening for Tenpura Hana restaurant, because they can become the alternative options for travel agents that are the majority of buyers for Tenpura Hana restaurant (H).

Table 4. Bargaining Power of Suppliers

NO.	Factors of Bargaining Power of Suppliers	Tenpura Hana Restaurant
1.	Sauce Ingredients	H
2.	Seafood	M
3.	Meat	M
4.	Vegetables	M
5. 6	Cooking Oil & Rice	M

Notes: H= High, M = Medium, L = Low

Table 4 shows the data of bargaining power of suppliers. To maintain the quality of dishes with an original taste, ingredients for the sauce which are made up of imported products play an important role, and they cannot be easily replaced, this makes Tenpura Hana restaurant highly reliant on suppliers, which makes them have a high

bargaining power (H). The need for seafood, such as shrimps, fish, and squids, is quite high, however, because they are local products, and can be easily fulfilled by several suppliers, then in this case, the suppliers' bargaining power is medium (M). The need for meat, both beef and chicken, which are local products, can be easily fulfilled by several suppliers, thus, the suppliers' bargaining power is medium (M). Vegetables, which are accompanying ingredients, are also local products, they can be easily fulfilled by several suppliers, thus, the suppliers' bargaining power is medium (M). Cooking oil and rice are local products, they can be easily fulfilled by several suppliers, thus, the suppliers' bargaining power is medium (M). From the above analysis, it can be concluded that suppliers' bargaining power is medium, because most of the basic ingredients can be easily fulfilled by several suppliers (M).

Table 5. Rivalry Among Existing Competitors

No	Factors of Rivalry Among Existing Competitors	R ₁	R ₂	R ₃	R ₄	R ₅	Modus
1.	Closest Competitor	7	H	M	H	H	H
2.	Variety of Dishes	H	M	H	H	H	H
3.	Serving Price	H	M	M	7	H	M
4.	Taste	H	M	M	H	M	M
5.	Service	H	H	H	H	H	H
6.	Advertisement	M	H	M	H	M	M
7.	New Dish	6	H	M	M	M	M

Notes: R₁₋₅ = Restaurant, H = High, M = Medium, L = Low

Table 5 above shows the data of rivalry among existing competitors. Three out of the four similar restaurants nearby Tenpura Hana restaurant are chain restaurants. Therefore, the level of rivalry among existing competitors is high for Tenpura Hana restaurant (H). The dishes offered have many variations, therefore, the level of rivalry among existing competitors is high (H). The price of the dishes at competitor restaurants is generally medium, because the major market segment is domestic. Therefore, the level of rivalry among existing competitors is high for Tenpura Hana restaurant (H). Three out of the four competitor restaurants nearby offer a lot of fusion/combination dishes, which do not meet the original taste, therefore, the level of rivalry among existing competitors is medium for Tenpura Hana restaurant (M). Service is generally of high level, the level of rivalry among existing competitors is high for Tenpura Hana restaurant (H). Advertisement production is generally medium. Therefore, the level of rivalry among existing competitors is medium for Tenpura Hana restaurant (M). Offers of new dishes do not often happen, therefore, the level of rivalry among existing competitors is medium for Tenpura Hana restaurant (M). From the above analysis, it can be concluded that in terms of chain restaurants, variation of dishes, price of dishes, and service, the level of rivalry among existing competitors is high for Tenpura Hana restaurant (H).

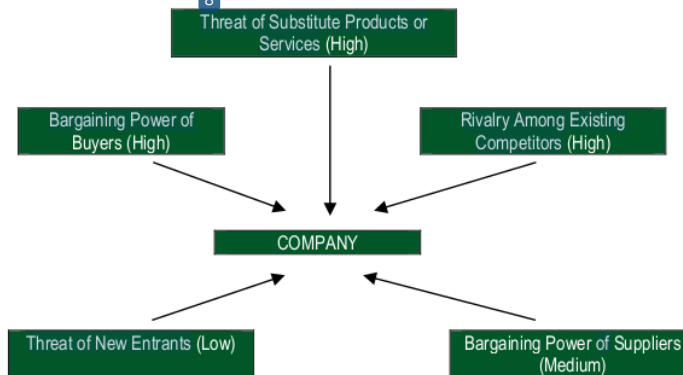
Table 6. Results of Industrial Structural Analysis

N ₁₈	COMPETITION FACTORS	L	M	H
1.	Threat of New Entrants	*		
2.	Bargaining Power of Buyers			*
3.	Threat of Substitute Products or Services			*
4.	Bargaining Power of Suppliers		*	
5.	Rivalry Among Existing Competitors			*

Notes: L = Low, M = Medium, H = High

Table 6 above shows that the data of results of industrial structural analysis. Results of industry structure analysis show the pressure levels from competition environment which is faced by Tenpura Hana restaurant (Figure 4). The threat of new entrants has a low-pressure level, in which the chance for new entrants to enter similar restaurant business is hard. Buyers' bargaining power has a high-pressure level, in which buyers demand high quality dishes and services at a lower price. The threat of replacement products has a high-pressure level, because other international restaurants can offer interesting options for consumers of Tenpura Hana restaurant. The bargaining power of suppliers has a medium pressure level, because most of the basic ingredients can be easily fulfilled by several suppliers. The rivalry among existing competitors has a high-pressure level, because most of the existing competitors are chain restaurants which can offer dishes at a lower price.

Figure 4. Five Factors of Competition Pressure on the Company



3.2. Results Achieved by the Company

Tenpura Hana Restaurant (2014) noted that for the last six years, the decline of customer visit has reached 42.80%, therefore, the average decline of customer visit is 7.13% annually. In the efforts to increase customers visit, Tenpura Hana restaurant, as a restaurant with Japanese original dishes specialty, has added a variation to the menu and has increased promotion, but there hasn't been any significant result.

3.3. Correction on Company's Strategies

Results of Porter's industry structure analysis show feedbacks according to the strategic management process at the strategic formulation. Tenpura Hana restaurant currently applies generic differentiation competing strategy by offering products with unique characteristics, that is, original Japanese dishes with Japanese original utensils.

Results of industry structure analysis show that Tenpura Hana restaurant experiences high pressures from three factors of competition, which has caused a decline in customer visits, namely buyers' bargaining power, threat of replacement products, and rivalry among existing competitors. Whereas the two other competition factors pose lower pressures, the threat of new entrants shows a low pressure, and suppliers' bargaining power shows a medium pressure. Based on the three high pressures above, the generic differentiation competing strategy implemented by Tenpura Hana restaurant must be changed with cost leadership generic competing strategy, in order that Tenpura Hana restaurant can overcome the current high pressures, that is, (1) the high pressure of buyers' bargaining power can be solved because Tenpura Hana restaurant offers its products at a price lower than similar products in the industry, so, buyers' demand for an affordable price can be fulfilled, (2) the high pressure of replacement products can be solved, because with similar product quality and similar service offered at a price lower than the similar products in the industry, this makes customers' chances to switch to replacement products decreases, (3) the high pressure of competition among existing competitors can be overcome because with a lower price Tenpura Hana restaurant can also provide fusion/combination Japanese dishes accepted by younger customers, therefore, old customers' loyalty can still be retained while attracting new customers from potential youngsters. The low pressure of threat from new entrants and the medium pressure from suppliers' bargaining power do not pose a risk for Tenpura Hana restaurant.

Conclusions and Recommendations

Menon and Yao (2014) stated that strategic change requires a commitment to developing new capabilities and integrating those capabilities across the activity system of the firm, while abandoning existing systems that either do not support or actively undermine the strategic change. The Results obtained show that generic differentiation competing strategy currently adopted by Tenpura Hana restaurant is facing strong pressures from factors of buyers' bargaining power, threats of replacement products, and rivalry among existing competitors, the result is a decrease in consumer visits and an eroded sustainable competitive edge. This supports P1 proposition that there is a positive relationship between generic competitive strategies and sustainable competitive advantages. In order to maintain its sustainable competitive edge, Tenpura Hana restaurant must modify its generic differentiation competing strategy to generic cost leadership, which is expected to overcome the strong pressures that the restaurant faces. According to Williams (2008) cost leadership strategies may require less planning and resources than those of differentiation, as in some sectors of the economy and among very small businesses, simply the condition of low

labor costs can bestow firm viability, and those costs can be shaved simply by a founder and her relatives being willing to work for low wages. These conditions may be significant drivers of necessity entrepreneurs' preference for cost leadership over differentiation strategies, each of which requires different skills and capabilities. Tenpura Hana restaurant management needs to immediately improve the process engineering skills, perform strict monitoring on workers, conduct products designing to make them easy to prepare, increase efficiency, and tightly control costs.

Kotler and Keller (2016) stated that segmenting, targeting, and positioning are basic steps in customer-driven marketing strategy, that is, a business strategy developed based on the logic that customers must be the starting point in formulating business strategies. By choosing the generic competing strategy of cost leadership, Tenpura Hana restaurant must align its segmenting, targeting, and positioning. This supports P2 proposition that segmenting, targeting, and positioning simultaneously influence the ongoing competitive advantages. Demographic segmentation from Japanese, whose number of arrivals is strongly influenced by the political situation and state security, and domestic tourists at middle to old age with stable and tend-to-be-big income must be changed by including younger domestic customers as growing and potential prospects. The target of Japanese and domestic tourists, who favor quality of dishes, can be modified by including youngsters who enjoy cozy atmosphere. Current positioning as a restaurant which offers original taste dishes can be adjusted into a restaurant which offers original taste and fusion/combination dishes.

Even though pressure arises due to competitive business dynamics, culinary businesses can still flourish along with consumers' demands. To anticipate environmental dynamics, labors' performance needs to be optimized by providing trainings according to the competing strategy implemented, product information is boosted by increasing promotion, and evaluation is continuously performed on the dynamic external environment in order to get feedback, so that management can be proactive in the strategy implementation towards preserving a sustainable competitive edge.

This article is expected to help business managements, particularly culinary business, in performing evaluation on the competing strategy to deal with the extremely competitive dynamics, in order to maintain sustainable competitive edge. By evaluating the strategic management processes which includes vision, mission, external environment, internal environment, goal setting, strategy selection, and implementation are reviewed according to needs so that management can obtain the right information to immediately decide optimal policies so that the problem is resolved. This study analyzes five main competition factors, namely the threat of the new entrants, the strength of buyer bargaining, the threat of substitute products, the strength of supplier bargaining, and the level of competition among business participants. Customer satisfaction, as well as the use of information technology which is increasingly widespread in culinary business, are not examined, so that these aspects could be investigated in the next evaluation of competition strategies.

References

- [1] Armstrong, G., and Kotler, P. 2015. *Principles of marketing* (Fifteenth Edition). New Jersey. Prentice Hall International. ISBN 10: 9332558477, 720 p.
- [2] Argyris, C. 2002. Double-loop learning, teaching and research. *Academy of Management Learning and Education*, 1(2): 206-218. DOI: <https://doi.org/10.5465/amle.2002.8509400>
- [3] Bapat, D. 2017. Linking strategic orientation with performance: Implication for Indian banks. *Strategic Change*, 26(4): 403-411. DOI: <https://doi.org/10.1002/jsc.2140>
- [4] Bohari, A.M., Hin, C.W., and Fuad, N. 2017. The competitiveness of halal food industry in Malaysia: A SWOT-ICT analysis. *Geografia-Malaysia Journal of Society and Space*, 9(1): 1-9.
- [5] Cravens, D.W., and Piercy, N.F. 2013. *Strategic Marketing*. Tenth Edition. New York . McGraw-Hill International Edition. ISBN: 9780078028908, 653 pp.
- [6] Dangelico, R.M., and Vocalelli, D. 2017. Green marketing: an analysis of definitions, strategy steps, and tools through a systematic review of the literature. *Journal of Cleaner Production*, 165(2017): 1263-1279. DOI: <https://doi.org/10.1016/j.jclepro.2017.07.184>
- [7] Fred R.D. 2009. *Strategic management: Concepts and cases*. Twelfth Edition. Harlow. Pearson Education. ISBN: 9780136015703, 326 pp.
- [8] Fred R.D., and Forest R.D. 2017. *Strategic management a competitive advantage approach, concepts and cases*. Sixteenth Edition. Harlow: Pearson Education. ISBN 978-0-13-416784-8, 680 pp.

- [9] Jacome, R., Lisboa, J., and Yasin, M. 2002. Time-based differentiation an old strategic hat or an effective strategic choice: An empirical investigation. *European Business Review*, 14(3): 184-193. DOI: <https://doi.org/10.1108/09555340210427076>
- [10] Kotler, P., and Keller, K.L. 2016. *Marketing management*. Fifteenth edition. New Jersey. Pearson Education. ISBN: 9780133856460
- [11] Kuncoro, W., and Suriani, W.O. 2017. Achieving sustainable competitive advantage through product innovations and market driving. *Asia Pacific Management Review*, 23: 186-192. DOI: <https://dx.doi.org/10.1016/j.apmr.2017.07.006>
- [12] Lei, N., and Moon, S.K. 2015. A decision support system for market-driven product positioning and design. *Decision Support System*, 69: 82-91. DOI: <https://doi.org/10.1016/j.dss.2014.11.010>
- [13] Magretta, J. 2012. *Understanding Michael Porter: The essential guide to competition and strategy*. Boston, Mass: Harvard Business School Publishing. ISBN: 9781422160596 1422160599, 236 pp.
- [14] Menon, A.R., and Yao, D.A. 2014. *Elevating repositioning costs: Strategy dynamics and competitive interactions in grand strategy*. Working Paper. Harvard Business School, April 17, 14-103 pp.
- [15] Panwar, R., Nybakk, E., Hansen, E., and Pinkse, J. 2016. The effect of small firms' competitive strategies on their community and environmental engagement. *Journal of Cleaner Production*. 30: 1-8. DOI: <http://dx.doi.org/10.1016/j.jclepro.2016.03.141>
- [16] Pearce, II, J.A. and Robinson, R.B. 2011. *Strategic management: Formulating implementation and control*. Twelfth Edition. New York. McGraw-Hill, ISBN: 007128950X, 9780071289504, 992 pp.
- [17] Porter, M.E., and Maulana, A. 1990. *Strategi bersaing: Teknik menganalisis industri dan Pesaing*. Jakarta: Erlangga. 338 pp.
- [18] Ries, A., and Trout, J. 2001. *The marketing classic and positioning: The battle for your mind*. USA: McGraw-Hill, ISBN-10: 0071373586, 224.
- [19] Salavou, H.E. 2015. Competitive strategies and their shift to the future. *European Business Review*, 27(1): 80-99. DOI: <https://doi.org/10.1108/EBR-04-2013-0073>
- [20] Silaban, B.E. 2006. Analisis strategi PT. XYZ dengan model Michael Porter. *Jurnal Esensi*, 1(1): 20-36.
- [21] Walker, J.R. and Lundberg, D.E. 2007. *The Restaurant: From Concept to Operation*. New Jersey. John Wiley and Sons. ISBN-10: 1118629620.
- [22] Williams, C.C. 2008. Beyond necessity-driven versus opportunity-driven entrepreneurship: A study of informal entrepreneurs in England, Russia and Ukraine. *The International Journal of Entrepreneurship and Innovation*, 9(3): 157-165.
- *** Tenpura Hana Restaurant. 2014. *Annual Finance Report 2014*. Yogyakarta.
- *** Tourism Office of Sleman Regency. 2014. *Kabupaten Sleman Dalam Angka 2014*. Yogyakarta. Pemerintah Daerah Kabupaten Sleman.

Competing Strategies Evaluation on Consumer Visit Reduction: A Case Study on a Culinary Business Operation

ORIGINALITY REPORT

16%

SIMILARITY INDEX

15%

INTERNET SOURCES

11%

PUBLICATIONS

12%

STUDENT PAPERS

PRIMARY SOURCES

1 link.springer.com 1%
Internet Source

2 eprints.upnyk.ac.id 1%
Internet Source

3 pdfs.semanticscholar.org 1%
Internet Source

4 128.143.136.29 1%
Internet Source

5 Submitted to Maastricht School of Management 1%
Student Paper

6 journal.utem.edu.my 1%
Internet Source

7 es.scribd.com 1%
Internet Source

8 www.coursehero.com 1%
Internet Source

hdl.handle.net

9	Internet Source	1 %
10	Submitted to Liberty University Student Paper	1 %
11	mafiadoc.com Internet Source	1 %
12	www.tandfonline.com Internet Source	1 %
13	www.studymode.com Internet Source	1 %
14	repository.upenn.edu Internet Source	<1 %
15	www.marketingweek.com Internet Source	<1 %
16	Submitted to Universitas Ibn Khaldun Student Paper	<1 %
17	blog.aumet.me Internet Source	<1 %
18	www.newnewsletter.org Internet Source	<1 %
19	Wuryanti Kuncoro, Wa Ode Suriani. "Achieving sustainable competitive advantage through product innovation and market driving", Asia Pacific Management Review, 2018 Publication	<1 %

20	Submitted to Heriot-Watt University Student Paper	<1 %
21	Submitted to Macquarie University Student Paper	<1 %
22	www.emeraldinsight.com Internet Source	<1 %
23	www.tse.fi Internet Source	<1 %
24	Submitted to Institute of Technology, Tallaght Student Paper	<1 %
25	Submitted to AUT University Student Paper	<1 %
26	www.ukessays.com Internet Source	<1 %
27	Submitted to Australian Catholic University Student Paper	<1 %
28	Otobong Inieke, Babatunde Mustapha Raimi-Lawal. "Adopting social media as an information system – a case study of an internet service company in Abuja, Nigeria", Journal of Information, Communication and Ethics in Society, 2020 Publication	<1 %
29	aaltodoc.aalto.fi Internet Source	<1 %

30	journals.aserspublishing.eu Internet Source	<1 %
31	Submitted to University of Newcastle Student Paper	<1 %
32	osuva.uwasa.fi Internet Source	<1 %
33	sophia.stkate.edu Internet Source	<1 %
34	myjms.mohe.gov.my Internet Source	<1 %
35	Submitted to Universitas Sebelas Maret Student Paper	<1 %
36	Submitted to Westcliff University Student Paper	<1 %
37	Dhananjay Bapat. "Linking strategic orientation with performance: Implication for Indian banks", Strategic Change, 2017 Publication	<1 %
38	erepository.uonbi.ac.ke Internet Source	<1 %

Exclude quotes On

Exclude matches < 10 words

Exclude bibliography On