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DATA IN SUMMARY | ACCOUNTING, MANAGEMENT, BUSINESS, ECONOMIC

Marketing Innovation Strategy Design to Increase Paper and Packaging Sales with the Blue Ocean Strategy Method: Case Study on Wijaya's Paper

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Abstract: Paper is an essential product in everyday life, in the last decade there has been a change with significant growth in the use of paper, namely the use of recycled paper with used paper waste materials. The use of used paper waste raw materials is carried out to continue to meet the need for paper; even though we have now entered the digitalization era, it cannot be denied that paper is still an essential need in supporting various daily activities. The use of kraft paper (recycled paper) is more in demand by several packaging manufacturers, apart from its environmentally friendly nature, aesthetic factors, and lower prices. Kraft paper is a favorite in the packaging world. This high opportunity does not align with Wijaya Paper's sales in the last two years (2022-2023). Wijaya Paper experienced a decline in turnover compared to 2019-2021 during the first 3 years of the company's establishment. The occurrence of tight market competition, with the implementation of the Ansoff Matrix strategy, with the implementation of Market Penetration and Cost Leadership, is no longer practical because many new competitors have emerged by offering lower prices with illegal goods, imported goods, and leftover roll goods. Through this study, we will discuss how to achieve cost efficiency using the Blue Ocean Strategy approach by identifying SWOT, Key Success Factor, ERRC, and Canvas Strategy so that it can produce the right innovation design for business entities. The research method used in this study is a qualitative triangulation study with informants consisting of internal management, loyal Wijaya Paper consumers, Wijaya Paper competitors, and experts represented by the Marketing Director of PT Adiprima Suraprinta. The results of this study are the design of marketing strategy innovations using the blue ocean strategy approach to increase paper and packaging sales at Wijaya Paper.

Keywords: Blue Ocean Strategy, Paper and Packaging, Marketing.

1. INTRODUCTION

Wijaya Paper is one of the businesses located in Kudus, Central Java, and Pasuruan, East Java, that has grown since 2019; Wijaya Paper initially became a supplier of paper raw materials in the form of rolls/sheets with types (kraft, medium, white kraft, duplex, and gumbos) located in Pasuruan, East Java. In its development, market demand has begun to vary; for the food packaging sector, the hope from our customers is that we can provide paper packaging to make it easier for them to order packaging because of the closer location accommodation, lower price offers because we can get paper materials from the leading supplier, and ease of service, so we started producing printed paper, paper bags, food boxes, snack boxes, custom packaging with the addition of several production machines in the form of Offset Printing Machines, Pon Machines, and Lamination Machines in our warehouse located in Kudus, Central Java, with five freelance employees. For the Pasuruan area, East Java, the priority is to sell and buy raw paper. However, it does not rule out the possibility of serving customers with packaging requests, by producing it in Kudus, Central Java and sending it to customers in the



East Java area. It turns out that by doing this, we can increase production efficiency with lower production costs in Central Java, considering that the difference in UMK between Central Java and East Java is also quite significant. From 2 different warehouse locations owned by Wijaya Paper located in Kudus, Central Java, and Pasuruan, East Java, from this, it turns out that customer mapping can occur with criteria for needs and purchasing price capabilities according to the region.

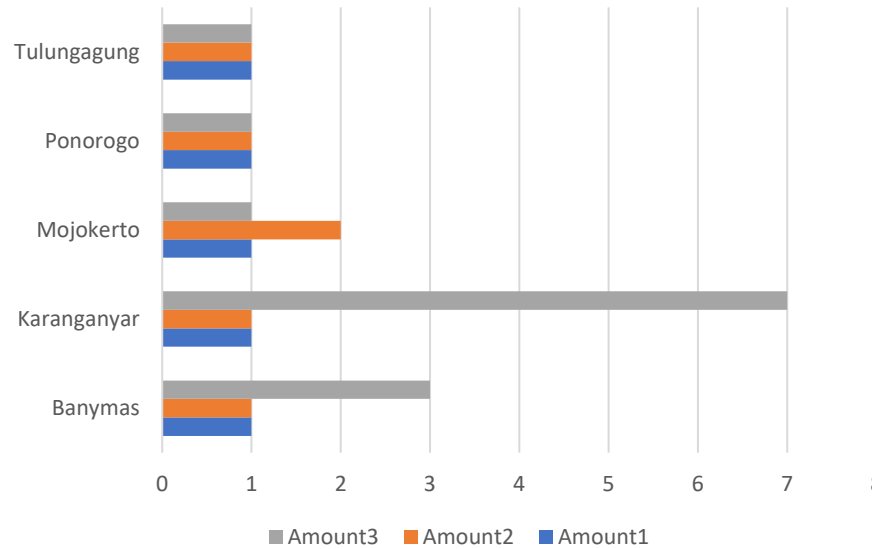


Figure 1. Wijaya Paper Customer Distribution Data

This is a future challenge for Wijaya Paper, so it can reach a broader market besides East Java and Central Java, or by optimizing marketing for the Central Java and East Java areas by reaching other areas with more potential. The tight competition conditions are a problem faced by Wijaya Paper Printing. The company indeed expects sales to continue to increase; if the company cannot meet consumer desires, it will impact on decreasing revenue. Suppose it continues to cause bankruptcy gradually. In the marketing section, Wijaya Paper has implemented a marketing strategy in the last two years, namely the Ansoff Matrix Strategy. The Ansoff Matrix is a matrix that provides instructions on how to develop the products we have in a marketing strategy. It maps the combination of Products and Markets that can be found. This matrix has two main axes, namely the Market and Product axes. Each has two parts, namely existing (current) and new (new) (Ansoff, 2022).



Figure 2. Ansoff Matrix

The previous offer used the Market Penetration strategy, which was chosen because it has the lowest risk, by trying to grow in the market that already has products, offers and services. This strategy aims to increase sales by capturing as many new customers as possible in the same market by offering lower prices or Cost Leadership with services that make it easier for customers. However, this strategy was not effective enough because after the first and second transactions, customers were no longer interested because there were other offers from competitors that offered cheaper prices. This is undoubtedly an evaluation of Wijaya Paper, especially in the marketing sector, to survive in the market and with the same product to increase sales and have regular customers. For this reason, Wijaya Paper Printing must be able to formulate the right marketing innovation strategy by the company's conditions. The following is Wijaya Paper's sales data for the last 2 years, which shows fluctuations in certain months; this is influenced by market interest, which is influenced by economic culture in Indonesia, such as the month of Ramadan holidays, wedding season, haji season, and so on. These fluctuations are common for paper businesses in Indonesia, which have the same yearly pattern. However, Wijaya Paper experienced fluctuations were still experienced but were also accompanied by a significant decrease in turnover from 2022 to 2023, namely 30%.

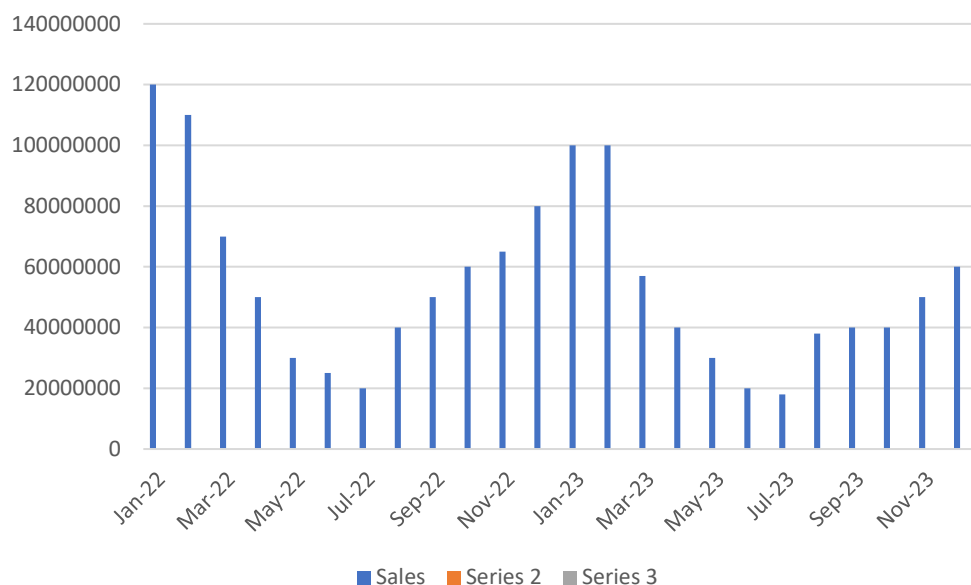


Figure 3. Wijaya Paper Sales in 2022-2023

In its marketing process, Wijaya Paper does not yet have added value or value proposition that can be used as an advantage compared to other paper and packaging companies. So far, it has only relied on the market penetration method with price competition and still with limited marketing areas. As business actors, we need to implement innovations not thought of by other business competitors, even though the innovations created are outside our comfort zone (Sari, 2020). One of the strategies businesspeople carries is the Blue Ocean Strategy. The Blue Ocean Strategy was first put forward by W. Chan Kim and Renee Mauborgne 2007 (in Desriwati, 2023). The Blue Ocean Strategy is a strategy that emphasizes companies not to win the competition by implementing a head-to-head strategy with competitors, however, by looking for other added values or value propositions that can be used as a company strategy to improve products or services that have never been offered by the market to customers and eliminate or reduce costs that arise from products or services created with a 4-step framework ERRC (erase, reduce, raise, create) and adhering to the principles of blue ocean strategy. By using the blue ocean strategy, researchers are expected to be able to inspire value propositions at Wijaya Paper to increase paper and packaging sales.

The implementation that researchers want to take by using the blue ocean strategy is to find the value proposition used for marketing strategy innovation so that it can help increase sales at Wijaya Paper. Based on the background above, researchers are interested in taking the title "Designing a Marketing Innovation Strategy to Increase Paper and Packaging Sales using the Blue Ocean Strategy Method".

2. LITERATURE REVIEW

2.1. Marketing

Marketing is a social activity involving individuals and groups meeting their needs and wants. This is done by creating, offering, and exchanging products and services that have value with other parties, as explained by Kotler (in Fathurrochman, 2021). According to the American Marketing Association (in Rohman, 2023), marketing is defined as planning and implementing strategies for thinking, pricing, promoting, and distributing ideas, goods, and services to create exchanges that meet individual and organizational goals. Based on this definition, marketing aims to meet consumer needs and wants through an exchange process, where the exchange can be in the form of money or various other combinations (Rohman, 2023). According to Assauri (in Romli, 2020), marketing results from achieving business activity performance related to the flow of goods and services from producers to consumers. Meanwhile, the definition of marketing, according to William J. Stanton (in Zamista, 2020), is a comprehensive system of business activities designed to plan, price, promote, and distribute goods to satisfy desires, reach target markets, and achieve company goals.

2.2. Strategy of Marketing

A marketing strategy is a series of goals, objectives, policies, and rules that provide direction for marketing efforts over time. It covers every level, reference, and allocation, especially as a company's response to environmental changes and dynamic competition, according to Assauri (in Mamahit, 2021). Meanwhile, according to David (in Pangestu, 2023), Marketing strategy involves artistic skills and scientific knowledge in formulating, implementing, and evaluating cross-functional decisions to achieve organizational goals. The strategic management process consists of three stages: strategy formulation, implementation, and evaluation. Strategy evaluation is the final step in strategic management. Managers are very interested in knowing when a strategy can achieve the desired results, and strategy evaluation is the primary tool for obtaining this information. According to McCarthy in Kotler (in Pangestu, 2023), a marketing strategy is an integrated, holistic, and comprehensive plan to achieve company goals by implementing marketing activities that are per organizational policies.

2.3. Blue Ocean Strategy

According to Wikipedia.org, Blue Ocean Strategy, also known as Blue Ocean Strategy, is an approach that encourages companies to leave fierce competition (red ocean) by creating new market space without competitors, making the term "competition" irrelevant. The Blue Ocean Strategy aims to create untapped markets, create new demand, and provide significant growth opportunities. Kim and Mauborgne (in Denisa, 2023). Highlight the need for a deep understanding of competition, formulating strategies, and developing a systematic framework to create new unexplored domains (blue oceans). Several principles in the Blue Ocean Strategy are used as the basis for implementing this strategy, including (Saputra, 2022):

- a. Principle of Determining Market Segments: Before implementing the Blue Ocean Strategy, it is important to identify market boundaries and set target markets according to the products

- to be developed. Competitor product analysis can help identify difficulties that become innovation points.
- b. Principle of Starting to Create a Strategy Canvas: Creating a strategy canvas not only focuses on numbers or statistics but also involves creating a big or broad picture to facilitate understanding of the strategy to be developed. Various strategy canvases, such as the PioneerMigrator-Settler (P-M-S) map, can be used.
 - c. Principle of Creating Consumer Levels: Dividing consumers into three levels, namely consumers who use the product while looking for a better solution, consumers who refuse to use the product, and consumers who are considered not potential, is a principle for understanding consumer segmentation.
 - d. Principle of Overcoming Barriers to Strategy Execution: In carrying out strategy execution, it is important to overcome various obstacles, including limited resources, obstacles from external interests of the company, and staff qualifications that may be obstacles in strategy execution.
 - e. Principle of Strategy Execution Attitude and Behavior: Successful strategy execution requires high commitment and trust in the staff who implement it. Creating an atmosphere that supports strategy execution involves positive attitudes and behaviors.

Blue Ocean Strategy has broad applicability and can be used in various sectors and businesses, not limited to one type. According to Chan Kim and Renee Mauborgne (in Sutrisno, 2020), the concept of the Blue Ocean Strategy has the opposite, namely the Red Ocean Strategy. The Red Ocean refers to an existing industry or market being contested. In Red Ocean, there are clear industry boundaries that are open to all. Strict competitive rules and acceptance of these boundaries make the market space crowded, causing a decline in growth and profitability (Chan Kim & Renee Mauborgne, 2020).

3. RESEARCH DESIGN AND METHOD

This research design is a descriptive study that adopts a qualitative approach. According to Hadari Nawawi (in Denisa, 2023), the descriptive method describes or depicts the current condition of the research object based on visible facts or as they are. The approach used in this study is a qualitative method. Moleong (in Z Muhammad, 2020) states that qualitative research aims to holistically understand phenomena related to the experiences of research subjects, such as behavior, perception, motivation, actions, and others. This research involves descriptions in the form of words and language, focuses on a natural context, and utilizes various scientific methods. The reason for choosing a descriptive qualitative research design is that the researcher wants to describe the conditions that will be observed in the field more precisely, transparently, and in-depth. The purpose of this study is to describe the situation so that the data collected is descriptive and can identify the internal and external environment of Wijaya Paper. The focus of this research is to understand the problems that exist in the Wijaya Paper Company. In addition, this study aims to find the right innovative strategies to increase revenue in the company. In this study, the informant selection technique uses the purposive sampling method, as explained by Sugiyono (2019); purposive sampling is a data sampling technique that is carried out with specific considerations or criteria that are determined based on research objectives. Based on the criteria determined by the researcher, it can be used as a basis for requirements in selecting research informants, so that it becomes credible research because the researchers have chosen the correct informants (Sugiyono, in Ramadhani 2018). In this study, the selection of respondents was carried out through interview techniques involving five informants, including:

- a. Printing business actors located in Central Java or East Java (1 person) as competitors (external).
- b. Wijaya Paper customers have ordered at least one piece of paper raw material (1 person) as a consumer (external).

- c. Wijaya Paper customers have ordered packaging at least 1 time (1 person) as a consumer (external).
- d. Teammates who know the internal Wijaya Paper (1 person) as a party from the company management (internal).
- e. Marketing director of the Wijaya Paper Supplier Company (1 person) as an expert.

According to Riduwan (in Fatoni, 2019), data collection techniques are defined as "ways or methods that researchers can use to collect data." Referring to this concept, it can be concluded that data collection techniques have an important role in helping researchers deal with research problems. In this framework, the data collection methods that will be applied in this study are: a) Interviews An interview is a form of conversation with a specific purpose, in which two parties are involved, namely the interviewer who asks questions and the interviewee who provides answers (Lexy J. Meleong, 2010). One of the characteristics of an interview is the direct and face-to-face contact between the information seeker and the information source. In this study, the interview method will involve researchers who compile a series of structured questions. These questions will be used to collect data from previously determined informants. The interview in this study aims to identify the strengths, weaknesses, opportunities, and threats, find the key success factors of the Wijaya Paper printing company, and understand the aspects that need to be eliminated, reduced, improved, and created in the context of the company.

4. RESULT AND DISCUSSION

Based on the innovation strategy design, it can be concluded that the strategy is by the six-path framework (Six Path Framework), which is close to the Blue Ocean Strategy, namely:

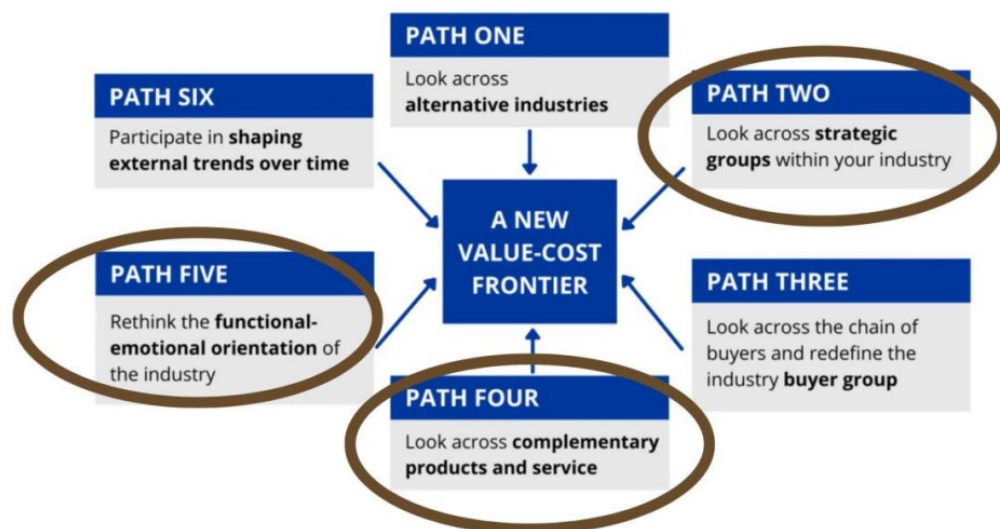


Figure 4. Six Path Frameworks Approaching Blue Ocean Strategy
Wijaya Paper

By step 2, namely (Look across strategic groups within your industry), Investigating Strategic Groups in the Industry As in creating blue oceans through observing alternative industries, blue oceans can be created by investigating strategic groups. Creating a new set of strategies in the same industry to add value to a previously low-value product, namely by:

- a. Offgrade raw materials are processed into ORI materials by cutting rolls and sorting. This process helps increase the added value of off-grade raw materials by producing higher quality products that meet standards for use in paper production.

- b. Processing of Kraft Rolls with Q7/Reject grades, cut into sheet sizes with Plano sizes of 79X109 and 90X120, then wrapped per 100 sheets, sold at a price per rim. This plano-size paper has a fixed market interest in the DI Yogyakarta area. This strategy optimizes the use of Q7/Reject grade raw materials and adjusts the sales format and paper size according to local market demand, especially in the DI Yogyakarta area.
- c. Processing Kraft Rolls with Q5/Sidetrin grades, cut into sheet sizes for lunchbox M and L needs. Focus on processing Q5/Side trim grades to produce sheets of paper that are by the size required for lunchboxes to meet specific market demands and support the needs of the food and beverage industry

By the fourth step, complementary products and services, this strategy is used to examine Supporting Products and Services. There are few products and services that are not affected by external factors. In general, other products and services impact the value of a product or service. However, competitors operate within the boundaries of their respective industry products and service offerings in many industries. Complementary provided to customers are:

- a. Free product delivery service: Offering free shipping services helps increase added value for consumers by reducing additional costs they may incur.
- b. It does not require consumers to make purchases of a certain quantity. This policy makes it easier for consumers to meet their needs without any quantity restrictions, increasing flexibility in purchasing products.
- c. For customer packaging, Fast Track Entrepreneur provides services that help MSME customers, from legal registration to choosing cheap, creative packaging that is by product needs to providing product marketing assistance training.

By the fifth step (functional-emotional orientation of the industry). Industries that focus on emotional appeal offer advantages that increase value without increasing function. On the other hand, industries that focus on functional appeal can provide a new emotional touch to commodity products, stimulating new demand by adding emotional elements. Functional-emotional that Wijaya Paper can apply is by:

- a. Provide consultation services to customers regarding product knowledge, how to measure materials, how to calculate the materials needed, and so on.
- b. Wijaya Paper can also explore customer needs and explain that Wijaya Paper not only sells materials but also accepts custom material printing, making it easier for customers to produce paper bags.

5. CONCLUSION

The results of the study using the Blue Ocean Strategy (BOS) approach show that the marketing innovation strategy designed to increase sales of paper and packaging at Wijaya Paper is as follows:

- a. The second step is to look across strategic groups within your industry) the strategy found in this study, namely:
 - Processing off-grade raw materials into ORI materials through the roll cutting and sorting. This process helps to increase the added value of off-grade raw materials by producing higher quality products that meet standards for use in paper production.
 - Kraft Roll Processing with Q7/Reject grade, cut into sheets with Plano sizes of 79X109 and 90X120, then wrapped per 100 sheets, sold at a price per rim. This plano-size paper

has a fixed market interest in the DI Yogyakarta area. This strategy optimizes the use of Q7/Reject grade raw materials and adjusts the sales format and paper size according to local market demand, especially in the DI Yogyakarta area.

- Kraft Roll Processing with Q5/Sidetrिम grade, cut into sheet sizes for M and L lunchbox needs. Focus on Q5/Side trim grade processing to produce paper sheets that match the size needed for lunchboxes to meet specific market demand and support the needs of the food and beverage industry.
- b. The fourth step (Complementary products and services). The strategies found in this study are:
- Free product delivery service: Offering free shipping services helps increase added value for consumers by reducing additional costs they may incur.
 - Not requiring consumers to make purchases with a certain quantity. This policy makes it easier for consumers to meet their needs without any quantity limitations, increasing flexibility in purchasing products.
 - For customer packaging, providing Fast Track Entrepreneur services that help MSME customers, from legal registration, choosing cheap, creative, and appropriate packaging according to product needs, to providing product marketing assistance training.
- c. The fifth step, namely (functional-emotional orientation of the industry). The strategies found in this study are:
- Providing consultation services to customers regarding product knowledge, how to measure materials, how to calculate the materials needed, and so on.
 - Wijaya Paper can also explore customer needs and explains that Wijaya Paper not only sells materials but also accepts custom material printing, making it easier for customers to produce paper bags.

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