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## Abstract

This study explores the business development strategy of Nicesy Donut and Bakery through a comprehensive SWOT analysis. Nicesy Donut and Bakery is a well-known bakery in Cilegon, Indonesia with various products and has been established since 2003. The business aims to capitalize on emerging opportunities, such as increasing demand for healthier options and expanding into new markets. This study employs a qualitative approach using interviews with Nicesy Donut and Bakery's owners and managers between June and July 2024. The analysis highlights leadership, marketing and product management strategies, potential threats, rising ingredients costs and intense competition. Based on the SWOT analysis, strategy and recommendations are provided to enhance the bakery's market position and drive sustainable growth. This study contributes to the understanding of how small businesses in the bakery industry can utilize strategic tools like SWOT analysis to develop and implement effective business strategies.

**Keywords:** Business Strategy; Creative Industry; IFE–EFE matrix; SWOT Analysis

## Introduction

In the increasingly competitive bakery industry, businesses must adopt robust strategies to sustain growth and remain relevant in a dynamic market. Strategic planning is essential for businesses to evaluate their internal resources and external environment, enabling them to make informed decisions that align with their long-term goals. SWOT analysis is one of the most effective tools for strategic planning, which helps organizations identify their Strengths, Weaknesses, Opportunities, and Threats. This analytical framework provides a comprehensive overview of the factors influencing a business's success, offering valuable insights to guide strategic decision-making (Gurel, 2017).

The main purpose of SWOT analysis is for businesses to recognise the importance of leveraging their strengths and addressing their weaknesses to capitalize on market opportunities and mitigate potential threats (Helms & Nixon, 2010). By conducting a thorough SWOT analysis, Nicesy Donut and Bakery aims to develop a business development strategy that enhances its competitive advantage and drives sustainable growth.

Despite the widespread use of SWOT analysis in various industries, there is a noticeable gap in the literature regarding its application in small and medium-sized enterprises (SMEs) within

the bakery industry. Most existing studies focus on large corporations or other sectors, leaving a gap in understanding how bakery SMEs can effectively utilize SWOT analysis to navigate market challenges and identify growth opportunities (Helms & Nixon, 2010). This gap is particularly significant given SMEs' unique challenges, such as limited resources and increased vulnerability to market fluctuations (Hudson et al., 2001).

This gap is particularly significant given SMEs' unique challenges, such as limited resources and increased vulnerability to market fluctuations. This study aims to fill this gap by providing an in-depth analysis of how Nicesy Donut and Bakery, a small but growing business, can use SWOT analysis to formulate a robust business development strategy. The research contributes to the existing body of knowledge by offering practical insights into the strategic planning process for bakery SMEs, highlighting the critical role of SWOT analysis in identifying and leveraging key business factors. By focusing on a real-world application, this study advances academic understanding and offers actionable recommendations for business owners and managers in the bakery industry.

## Literature Review

### *SWOT Analysis and its Application in Business Development.*

SWOT analysis is a widely recognized strategic planning tool organisations use to identify internal and external factors influencing their performance. Strengths and Weaknesses are internal, while opportunities and threats are external factors (Gurel, 2017). Albert S. Humphrey first introduced this tool in the 1960s, and it has since been adopted by businesses across various industries to assess their strategic positions and make informed decisions (Helms & Nixon, 2010).

SWOT analysis plays a pivotal role in the formulation of business development strategies. Businesses can develop strategies that leverage their competitive advantages and mitigate potential risks by systematically evaluating an organization's internal strengths and weaknesses, as well as external opportunities and threats (Houben et al., 1999). Several studies have demonstrated the effectiveness of SWOT analysis in guiding business development strategies. Previous research highlighted that SWOT analysis enables organizations to align their resources with market opportunities, leading to more focused and effective business strategies (Pickton & Wright, 1998). Similarly, more updated research emphasized the role of SWOT analysis in identifying strategic opportunities that align with an organization's core competencies, enhancing its ability to compete in the marketplace (Panagiotou, 2003).

### *SWOT Analysis in Small and Medium-Sized Enterprises (SMEs).*

While SWOT analysis is widely used in large corporations, its application in small and medium-sized enterprises (SMEs) has received increasing attention in recent years. SMEs, which often operate with limited resources, can benefit significantly from the strategic insights provided by SWOT analysis. A prior study argued that SMEs could use SWOT analysis to prioritize their strategic initiatives, ensuring they allocate resources effectively and focus on high-impact activities (Hudson et al., 2001). The literature also suggests that SWOT analysis can be particularly valuable for SMEs in the bakery industry, where businesses face unique challenges such as fluctuating ingredient costs, changing customer preferences, and intense competition. By conducting a thorough SWOT analysis, bakery SMEs can identify opportunities to differentiate their products, optimize supply chains, and enhance customer loyalty.

## Research Method

### *Research Design*

This study aims to identify and analyze the factors contributing to the success and sustainability of the Nicesy Donut and Bakery enterprise in Cilegon. It delves into leadership motivation, marketing strategies, and production management within the business. Furthermore,

the research explores how Nicesy Donut and Bakery navigate market and industry changes and challenges, adapting to maintain competitiveness. Through qualitative methods involving semi-structured interviews, the study aims to glean profound insights from the owner and management regarding the best practices propelling Nicesy Donut and Bakery to a prominent position in the local culinary sector. Additionally, a SWOT analysis is conducted to pinpoint the business's strengths, weaknesses, opportunities, and threats, along with the strategies employed to surmount obstacles and capitalize on opportunities.

### *Research Context and Data Collection Method.*

Nicesy Donut and Bakery is a reputable establishment and the preferred destination for food enthusiasts in Cilegon City and neighbouring areas. Founded in 2003, this business has strived to emerge as a prominent bakery and doughnut outlet in the region, providing top-notch goods crafted from premium ingredients. Nicesy Donut and Bakery produce a variety of doughnuts, bread, and cakes, utilizing tried-and-tested, innovative recipes to cater to a diverse clientele. Nicesy Donut and Bakery's success is attributed to its products' quality, friendly customer service, and an inviting store atmosphere. Over the past twenty years, the business has expanded significantly by establishing multiple branches in Cilegon and its environs. Nicesy Donut and Bakery also collaborates with different entities to broaden its market presence. Dedication to quality and customer satisfaction remains the primary focus that has propelled Nicesy Donut and Bakery towards success and sustainability in the culinary industry. The business innovates by introducing new products and variations, such as Eid cookies, Nicesy coffee, and Nicesy cup tea. Through a blend of delectable offerings, exceptional service, and ongoing innovation, Nicesy is the premier choice for culinary enthusiasts in Cilegon City and its environs. The research was conducted in June – July 2024 through video call interviews with the business owner and managers of Nicesy Donut and Bakery. The decision to interview via video call was made due to the business's location in Cilegon City.

## **Results and Discussion**

### *Motivation and Leadership.*

Based on our interview, the owner and manager of the bakery highlighted the importance of leader motivation and leadership style in business. Both strategies have proven suitable for bringing the business to its current position. They stated as follows:

*I have harboured a profound interest in the culinary realm for quite some time. Recognizing the significant market opportunities within the bakery industry, I was motivated to embark on this business – Owner*

*As an owner, I consider the leadership role in a business to be crucial. It is essential to set a positive example, guide the team with a clear vision, and uphold quality and service standards as a role model – Owner*

*I am driven by establishing precise objectives and maintaining a broad perspective of the company. Regarding the team, I guarantee they feel appreciated, acknowledge their accomplishments, and foster a constructive and cooperative work atmosphere – Manager*

The above statements underline how a leader needs strong motivation and how they should lead the business and its employees. These findings align with previous literature that emphasized the importance of leadership in facing organizational challenges and embarking on opportunities and business resilience (Vito et al., 2023).

### *Marketing*

Our interview reveals some marketing strategies conducted by the business to increase its market share, as stated below:

*Our marketing strategy emphasizes social media promotions, partnering with local influencers, and hosting promotional events in our stores – Owner*

*Our primary marketing channels include social media platforms like Instagram: @nicesybakery and WhatsApp: 087808152321, along with promotions through instant messaging apps – Manager*

*We routinely gather feedback from clients and track market trends to adjust our marketing strategies according to customer preferences and requirements – Manager*

The marketing strategies conducted by Nicesy Donut and Bakery cover a lot of sides from social media marketing, word of mouth, feedback, and tracking market trends. These strategies are in line with prior literature that claimed the role of modern marketing, such as social media marketing to business performance (Syaifullah et al., 2021)

### *Production Management*

The last strategy based on the owner and managers of Nicesy Donut and Bakery is production management, as stated below:

*Our production processes are meticulously overseen to guarantee uniform product quality. We adhere to a consistent production schedule and employ a highly skilled team – Owner*

*We utilize technology to oversee raw material provisions and enhance production procedures. Furthermore, we persist in pioneering manufacturing methods to boost production effectiveness – Manager*

*Challenges in production management encompass restricted space and equipment, along with unforeseen demand fluctuations. These obstacles are surmounted through meticulous production planning, collaboration with suppliers to secure raw materials, and the recruitment of extra staff as necessary – Manager*

Production management in the business mostly relates to technology-based production, which has proven efficient and effective. This finding aligns with a prior study that discussed the effectiveness of applying technology to small businesses (Rizqiawan et al., 2021).

### *SWOT Assessment*

**Strengths:** The company possesses high-quality products crafted from premium materials and produced through a sanitary process. Its wide range of offerings includes a diverse selection of doughnuts and bakery items in various types and flavours, appealing to multiple market segments. Additionally, the company boasts a skilled team with expertise in producing and innovating bakery goods bolstered by a well-established brand that consumers recognize and rely on. The store's strategic location facilitates convenient customer access, while excellent, amiable, and prompt customer service in addressing complaints or suggestions enhances the company's value.

**Weaknesses:** Despite numerous strengths, the company encounters weaknesses, including high production costs from utilizing quality raw materials and intricate production processes. Capital constraints restrict the company's capacity to grow or adopt new technology. Moreover, reliance on specific suppliers for quality raw materials and inefficient supply chain management may result in raw material availability issues. Internal product competition can further lead to fragmented and unfocused sales.

Companies have various opportunities to explore, including tapping into the trend of healthy consumption to introduce healthier bakery and doughnut options (e.g., low sugar, gluten-free). Expanding into new markets by establishing branches in strategic locations is another

potential avenue for growth. Collaboration with coffee shops, restaurants, or retail stores to distribute products is also a viable opportunity. Enhancing online sales through robust e-commerce platforms and streamlined delivery services, innovating products with new flavours and varieties, and implementing customer loyalty initiatives to retain and expand the customer base are additional prospects for optimization.

Companies must remain vigilant against various threats, including fierce competition within the industry, where numerous competitors provide similar products. Shifts in consumer preferences can diminish product popularity. Variations in raw material costs may impact production expenses and selling prices. Stringent government regulations and economic instability can adversely affect business activities. Health concerns linked to products, like high sugar content, also pose a threat that requires attention.

### Internal Factor Analysis

Internal factor analysis at Nicesy Donut and Bakery involves identifying the company's strengths and weaknesses. The strengths and weaknesses of Nicesy Donut and Bakery are as follows: Strengths, High-quality products, Product diversity, Expertise and experience, Brand recognition, Strategic positioning, Customer Service Weaknesses, High production costs, Capital constraints, Reliance on raw materials, Supply Chain Management, and Internal competition.

The internal strategic factors mentioned above are assessed through the Internal Factors Evaluation (IFE) matrix. This matrix assesses the impact of internal strategic factors on Nicesy Donut and Bakery. The calculation of the IFE matrix is depicted in Table 1 below.

Table 1. Internal Factor

No	Internal Factors	Weight	Rank	Weight x Rank
Strength				
1	High-Quality Product	0.15	4	0.60
2	Variety of Product	0.10	3	0.30
3	Experienced Team	0.10	4	0.40
4	Good Customer Service	0.10	3	0.30
5	Strategic Location	0.10	4	0.40
Weakness				
1	High Production Cost	0.10	2	0.20
2	Limited Capital	0.10	2	0.20
3	Dependence of Raw Materials	0.10	2	0.20
4	Supply Chain Management	0.05	2	0.10
5	Internal Competition	0.05	2	0.10
Total		1.00		3.10

Nicesy Donut and Bakery has achieved a score of 3.10 in total internal factor weighting (IFE), indicating a robust internal position surpassing the critical value of 2.50. This demonstrates the company's capability to leverage its strengths and address current weaknesses.

### External Factor Analysis

Analyzing external factors at Nicesy Donut and Bakery involves identifying opportunities and threats to the company. The subsequent list outlines opportunities and threats to Nicesy Donut and Bakery: Opportunities, Healthy Consumption Trends, Expansion of the Market, Collaboration with other enterprises, Enhanced Online Sales, Product Innovation, Customer Loyalty Program, Threats, Intense Competition, Consumer Taste Shifts, Rise in Raw Material Costs.

An EFE (External Factors Evaluation) matrix analysis was conducted to assess the impact of external strategic factors on Nicesy Donut and Bakery. The calculation of the EFE matrix is shown in Table 2 below.

**Table 2. External Factor**

No	Internal Factors	Weight	Rank	Weight x Rank
Opportunities				
1	Healthy consumption trends	0.15	3	0.45
2	Market Expansion	0.15	4	0.60
3	Collaboration	0.10	3	0.30
4	Increasing Online Sales	0.10	3	0.30
5	Product Innovation	0.10	3	0.30
6	Loyalty Program	0.10	3	0.30
Threats				
1	Intense Competition	0.10	2	0.20
2	Change in Customers Tastes	0.10	2	0.20
3	Increasing Price	0.10	2	0.20
Total		1.00		2.85

A total EFE score of 2.85 signifies the company's strong capabilities in leveraging external opportunities and addressing threats. This rating surpasses the average (2.5), indicating the company's adaptability to external influences.

### IFE/EFE Analysis

In conducting internal factor analysis (IFE), the company assigns weights and ratings to its strengths and weaknesses according to their influence on the company. The overall IFE score is 3.10, indicating that the company possesses more strengths than weaknesses and can address any current weaknesses effectively. In external factor analysis (EFE), company opportunities and threats are assigned weights and ratings. The total EFE score is 2.85, suggesting the company excels in leveraging opportunities and addressing threats.

### Placement in the IE Matrix

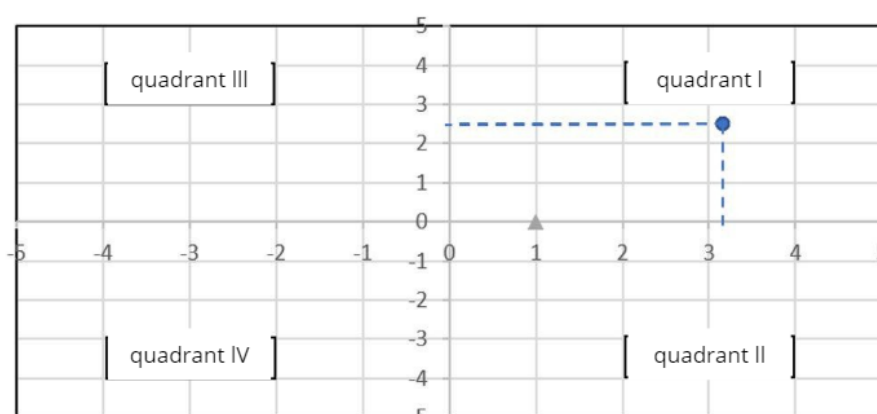


Figure 1. IFE/EFE Matrix

Having an IFE score of 3.10 and an EFE score of 2.85 (Figure 1), this company resides in quadrant I (Strengths–Opportunities) in the IE matrix. This positioning indicates the company's robust standing internally and externally. The optimal strategy entails pursuing growth and

development, encompassing market penetration, market development, and product development.

Considering this analysis, the business is more favourably in Quadrant I (Strengths–Opportunities, SO). The company possesses numerous strengths that can be leveraged to capitalize on different opportunities, including market expansion and online sales growth. This indicates that the company is well–placed to progress and expand by utilizing advantageous external circumstances. The company is in a robust position both internally and externally. The most suitable strategy for a company in this position is to pursue further growth and development, encompassing market penetration, market development, and product development. Table 3 is the SWOT Strategies for Nicesy Donut and Bakery.

**Table 3. SWOT Strategies**

	<u>STRENGTH</u>	<u>WEAKNESS</u>
	<ul style="list-style-type: none"> <li>• High–Quality Products: Donuts and pastries made with premium ingredients and stringent hygiene standards.</li> <li>• Product Varieties: Provides a range of donut and bakery options in different types and flavors to appeal to diverse market segments.</li> <li>• Experience and Expertise: Proficient team specializing in producing and innovating bakery goods.</li> <li>• Brand Recognition: The familiarity and trust consumers have in a brand name.</li> <li>• Optimal Location: Store location easily accessible to consumers.</li> <li>• Customer Service: Excellent, amiable, and prompt customer service for addressing complaints or suggestions.</li> </ul>	<ul style="list-style-type: none"> <li>• High Production Costs: The utilization of high–quality raw materials and intricate production processes can result in increased production costs.</li> <li>• Capital Limitations: Restricted capital can hinder the capacity to expand or invest in new technology.</li> <li>• Reliance on Raw Materials: Dependence on specific suppliers for high–quality raw materials.</li> <li>• Inefficient supply chain management can lead to issues with raw material availability.</li> <li>• Internal Competition: Competition among products can result in scattered and unfocused sales.</li> </ul>
<u>OPPORTUNITY</u>	<u>Strategi S–O</u>	<u>Strategi W–O</u>
<ul style="list-style-type: none"> <li>• Promoting Healthier Consumption: Providing healthier bakery and donut options (e.g., low sugar, gluten–free).</li> <li>• Market Expansion: Establishing additional branches in strategic locations.</li> <li>• Collaboration with Other Businesses: Partnering with coffee shops, restaurants, or products.</li> <li>• Enhancing Online Sales: Developing an efficient online sales and shipping platform.</li> <li>• Product Innovation: Creating novel flavors and designs to captivate consumer interest.</li> <li>• Customer Loyalty Program: Establish a loyalty program to maintain and grow loyal customers.</li> </ul>	<ul style="list-style-type: none"> <li>– Providing excellent customer service entails being approachable and attentive to feedback or recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing a loyalty program to retain and grow loyal customers.</li> <li>• Create an effective online sales and distribution platform.</li> </ul>

## Conclusion

Nicesy Donut and Bakery was Founded in 2003 in Cilegon. It has evolved into a prominent bakery and doughnut shop in the region. Its achievements are attributed to top-notch products, amiable customer service, and a welcoming store ambience. This study employs a qualitative method, utilizing online interviews to pinpoint the key success factors of the enterprise.

The drive to establish a business stem from a love for gourmet cuisine and significant market opportunities. Leadership entails setting an example, articulating a clear vision, and inspiring the team with precise objectives and acknowledgement of accomplishments. The marketing approach centres on social media promotions, partnerships with influencers, and in-store promotional activities, primarily utilizing Instagram and Facebook.

This study reveals three main strategies conducted by Nicesy Donut and Bakery to date: motivation and leadership, marketing, and production management. While the first two strategies are adopted over time, production management is meticulously overseen to guarantee quality, utilizing technology to monitor raw material supplies and enhance efficiency. Production obstacles were surmounted through meticulous planning, cooperation with suppliers, and recruiting extra staff. The business adjusts to market fluctuations by monitoring trends and modifying strategies.

A SWOT analysis reveals Nicesy Donut and Bakery's strengths in quality products, product variety, and excellent customer service. Weaknesses encompass high production costs and limited capital. Opportunities consist of market expansion, increased online sales, and product innovation. Threats involve intense competition, shifts in consumer tastes, and escalating raw material prices. With an emphasis on product quality, innovation, and customer service, Nicesy Donut and Bakery has experienced substantial growth and upheld its status as a premier option in the Cilegon culinary sector. This study offers valuable perspectives on these enterprises' success and longevity approaches.

Finally, this study has limitations. It is a one-case study, and it is difficult to generalize. This is also context-dependent research, focusing only on the culinary industry. Future research should emphasise the generalisation of the result by conducting a quantitative study with comparative studies between various industries.

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