

# CHAPTER I

## THE BACKGROUND

### 1.1. Background of Business

In recent years, tourism industry in Bandung has grown significantly. The data from Bandung City Council shows that until 2005 the number of tourists visiting Bandung had reached two million a year, and that number has kept on increasing. This tourism development helps to grow the tourism industry, which includes hotels, restaurants, malls, and factory outlets in Bandung. The latest data in 2009 shows that the tourism industry in Bandung has an annual average income of 78 billion Rupiah (“Bandung Ingin Dikenal sebagai Kota Wisata” par. 7).

The development of tourism industry has a positive impact on the food industry and I believe there is a business opportunity in the food industry in Bandung. In order to grab the niche in an already competitive food industry market, I need to create something new and unique. Only a new and unique food creation will have its market, as is stated by Herman Rukmanadi, the head of West Java Travel Bureau Assosiation, “Bandung citizens and tourists love to try new creation of food” (“Kuliner Jadul Sampai Modern di Bandung” par. 1).

Therefore, I decided to open a specialty trifle shop called “Lynn’s Trifle House”. Trifle is a “a dessert typically consisting of plain or sponge cake often

soaked with wine or spirits and topped with layer of preserves, custard, and cream” (Merriam-Webster Online Dictionary). Trifle has been sold in a few cake shops in Bandung but there is no specialty trifle shop in Bandung.

I name my trifle shop “Lynn’s Trifle House” because Lynn is my name and I want to make a brand recognition with my name. Lynn is a catchy word; it is only one syllable and does not contain any vowels. People can easily remember the name “Lynn”. McCarthy and Perreault state that a good brand name should be “short and simple, easy to spell and read, easy to recognize and remember, easy to pronounce” (312).

## 1.2. USP (Unique Selling Proposition)

A business should have something unique which characterizes and differentiates the business from the other competitors. The uniqueness is often called Unique Selling Proposition. Unique Selling Proposition or USP is “a real or perceived benefit of good or service that differentiates it from the competing brands” ([Businessdictionary.com](http://Businessdictionary.com)). USP is very important to give the customers reasons to prefer a particular product from other products.

Lynn’s Trifle House has a special product called “Me, My Trifle, and I”. “Me, My Trifle, and I” is trifle put in a glass-bowl that can serve around ten people. This product is unique because customers can pick the ingredients they want in the trifle. Customers should pre-order at least two days in advance; Lynn’s Trifle House custom-makes the trifle and delivers the trifle to the customer’s place.

For the daily menu, Lynn’s Trifle House offers standard cup-size trifle menus: (i) Brownie Trifle, (ii) Strawberry Trifle, (iii) Chocolate Trifle, (iv) Mango

Trifle, and (v) Tiramisu Trifle; as well as Lynn's Trifle House's own signature trifle innovation: (vi) Almond Konyaku Trifle, (vii) Honey Mint Trifle, and (viii) Melon Oreo Trifle. All trifles are baked using high quality ingredients without preservatives.

The key components that differentiate Lynn's Trifle House's trifles with other cake shop's trifles lie in the custard and cheese. The custard used in mango trifle, strawberry trifle, and melon oreo trifle is home-made. The cheese used for Tiramisu Trifle is Greek cheese called "*ricotta* cheese" that has a unique flavor and works very well with coffee and ladyfinger cookies in Tiramisu Trifle.

### 1.3. SWOT Analysis (Strength-Weakness-Opportunity-Threat)

Sun Tzu, a Chinese military general and strategist, once said, "In a battle, a person is weak when he has to prepare against others, but he is strong when he makes others prepare against him" (Henricks 115). The first step for a person to become strong is to know himself and his enemy inside and out. From business point of view, this process is called SWOT analysis. SWOT analysis is characterized by knowing your own Strengths and Weaknesses, as well as the Opportunities and Threats given by outside sources.

#### 1.3.1. Strengths

A business can survive a competitive market if it has certain strengths within the business. "Business strengths are the resources and capabilities that can be used as a basis for developing competitive advantage against other businesses" (Bradford et al. par. 3).

The first strength is the quality of the trifle. Lynn's Trifle House uses high-quality ingredients and eliminates preservatives in baking the trifles. All trifles are prepared daily to ensure freshness of the product.

The second strength of Lynn's Trifle House lies in the innovative resources. Lynn's Trifle House always generates new ideas to satisfy customers. It is the only trifle shop in Bandung that can custom-make trifle based on customers' preferences; it also creates unique menus such as Almond Konyaku Trifle, Melon Oreo Trifle, and Honey Mint Trifle.

The third strength is the delivery service. For every purchase of "Me, My Trifle, and I", Lynn's Trifle House can deliver the trifle to the customer's place. By having a delivery service, Lynn's Trifle House can increase the orders of "Me, My Trifle, and I".

The fourth strength is the availability of physical resources. At the production site, located at Jalan Hegarmanah 90, close to Setiabudhi Supermarket, all equipments such as oven, refrigerator, and mixer are available. The nearby location between the production site and the shop is advantageous because the trifles can be quickly delivered to the shop and it saves money of transportation costs.

#### 1.3.2. Weaknesses

When strengths will enhance a business, weaknesses can cause failure in a business. According to Vadim Kotelnikov, "The weaknesses may be rooted in the lack of managerial skills, insufficient quality, technological backwardness, inadequate systems or processes, slow deliveries, or shortage of resources"

(par. 9). Therefore, it is essential to reduce or eliminate weaknesses within the business before it causes any disadvantages.

The first weakness of Lynn's Trifle House is lack of recognition. Lynn's Trifle House is a new business; Bandung's people and Bandung's tourists may not know Lynn's Trifle House yet. This is why promotion and advertising are essential to raise the brand recognition in order to attract customers to Lynn's Trifle House.

The second weakness is financial resources. Lynn's Trifle House financial resource comes from the owner's personal money. The money is used for covering initial investment and business operational costs. However, investment is needed to strengthen the financial foundation of the business. Stronger financial foundation can inject present and future development of Lynn's Trifle House.

The third weakness is the production capacity. Lynn's Trifle House has a production capacity of up to 120 cup-size trifles a day and five "Me, My Trifle, and I" per month. It is predicted that during Chinese New Year, Idul Fitri, and Christmas period the trifles' orders will increase significantly and the trifle production may not be able to fulfill the orders. To overcome this situation Lynn's Trifle House will use a scheduling technique for orders of "Me, My Trifle, and I". The scheduling means that Lynn's Trifle House will accept "Me, My Trifle, and I" order based on the principle "first come first serve". The person who orders sooner can choose the date "Me, My Trifle, and I" delivered. The person who orders later will have to adjust the "Me, My Trifle, and I" delivery

based on the available date. Also, the owner will help bake trifles during busy holidays.

### 1.3.3. Opportunities

Strength and weakness come from inside the business, but opportunity and threat come from the external environment. “Opportunity is a condition in the general environment that helps a company achieve strategic competitiveness” (A. Hitt, Ireland, and E. Hoskisson 41).

The first opportunity for my business is the growing number of middle to upper economy class in Indonesia. A survey by A.C. Nielsen in 2008 shows that “people [in Indonesia] with average income per capita between \$2,300 and \$2,400 is estimated around 22.5 million people and the number is growing”(Harinowo par. 7-8). This growing number shows that middle up Indonesian people in general are capable of spending their money on things beyond their primary needs. They can afford to buy a cup of trifle for a price range of Rp10,000 to Rp15,000 or a bowl of trifle for a price range of Rp100,000 to Rp150,000.

The second opportunity is the growing number of tourists visiting Bandung. On weekends, tourists from Jakarta flock to Bandung especially in the mall areas, Setiabudhi area, and Dago area. Lynn’s Trifle House can benefit from this situation by having a strategic location often visited by tourists to attract more customers.

The third opportunity is in the development of means of communication and technology. In the old days, the only way of promoting and advertising a product

was in newspapers, in magazines, or on television and these methods could be costly. Nowadays, the development of Internet technology has given people an alternative to advertise a business. Lynn's Trifle House will place advertisement in the newspaper, but it will also use Facebook and BlackBerry Messenger to promote the business. Facebook and BlackBerry Messenger are effective because they can quickly spread the buzz to friends for free.

#### 1.3.4. Threats

An external environment that is unstable or ambiguous can pose a threat to a business. "A threat is a condition in the general environment that may hinder a company's efforts to achieve strategic competitiveness" (A. Hitt, Ireland, and E. Hoskisson 41). Detecting any threat early is the first step of any preventing or eliminating action.

The first threat to my business is Lynn's Trifle House's idea will be copied by others. When a business is successful, there is always a possibility that people may want to copy the idea. This situation is unavoidable. To deal with this situation, Lynn's Trifle House has to create a highly respectable brand reputation so that customers always come back to shop at Lynn's Trifle House.

The second threat is the availability of the ingredients. Lynn's Trifle House uses fruit in some of the trifle menus. Some of the fruit, such as mango, is not available throughout the year. The unavailability of the fruit can disrupt the trifle production. To solve this problem, Lynn's Trifle House should have a "back-up plan", for example if mango is unavailable, Lynn's Trifle House will produce different kind of fruit trifle.

