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Blue Ocean Strategy in Healthy Bakeries in Bali

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Abstract: This study aims to analyze the implementation of the *Blue Ocean Strategy* in healthy bakeries in Bali in creating new market spaces and sustainable competitive advantages. The research employed a qualitative approach using a case study method at Oka's Bakery & Cafe, Finnfit Bakery, and Bali Buda. The findings reveal that the three bakeries successfully established new market spaces grounded in the *healthy lifestyle* trend through value innovation, product differentiation, and enhanced customer experience. Finnfit Bakery demonstrated the strongest strategy in developing a niche market based on the concept of a fitness-oriented bakery, while Bali Buda excelled in emotional branding and sustainability practices. Oka's Bakery illustrated a transformation process from a conventional bakery into a health-oriented bakery business. The study further indicates that value innovation occurs not only at the product level but also within the dimensions of consumption experience and the lifestyle meanings offered to customers. The competitive advantages possessed by healthy bakeries in Bali are characterized as valuable, rare, inimitable, and non-substitutable.

Keywords: Blue Ocean Strategy, Healthy Bakery, Value Innovation, Four Actions Framework, Competitive Advantage.

INTRODUCTION

The bakery industry in Indonesia has experienced rapid growth in recent years. Changes in consumer patterns, increasing urbanization, and the rise of a culture favoring convenient food options have driven a continuous increase in demand for bakery products. Modern bakeries are no longer viewed merely as places to buy bread and pastries but have evolved into an integral part of urban lifestyles that prioritize convenience, aesthetics, and the consumption experience (Handayani & Rahmadani, 2020). The growth of the bakery industry is also supported by the increasing number of cafes, coffee shops, and culinary lifestyle concepts that position bakeries as part of social activities. Modern consumers no longer purchase food products merely to meet basic needs but also to gain experiences, social identity, and emotional satisfaction (Nugraheni & Prabowo, 2022). This has led the bakery industry to evolve into a business that is not only product-oriented but also focused on customer experience and emotional branding (Ananda et al., 2021). However, the growth of the bakery industry has also resulted in increasingly intense competition. Many bakery business operators offer relatively similar products, business concepts, and marketing strategies, leading to market saturation

(Maulana & Fitriani, 2021). Most bakeries still compete through price, promotions, business location, and product visual appeal (Anggraini & Ridwan, 2020). This situation reflects the characteristics of a red ocean market—a scenario where companies compete in the same market space with high levels of competition (Kim & Mauborgne, 2015).

Excessively intense competition has made it difficult for many bakery businesses to create strong differentiation (Barney, 1991). Conventional bakery products are prone to imitation because most competitors offer nearly identical products (Fitria & Maulidya, 2023). Consequently, profit margins are shrinking, and customer loyalty is becoming increasingly difficult to maintain. On the other hand, shifts in consumer lifestyles are beginning to create new market opportunities within the bakery industry (Kusuma & Sari, 2023). Growing awareness of healthy lifestyles has led consumers to pay closer attention to nutritional content, the quality of raw materials, and the health impacts of the food they consume (Fauzan & Halim, 2021). Modern consumers are increasingly seeking healthier products such as gluten-free bread, low-sugar baked goods, vegan pastries, organic bread, and high-protein baked goods (Utami et al., 2022). The healthy lifestyle phenomenon is growing rapidly in Bali due to the characteristics of its consumer base, which consists of international tourists, the expatriate community, fitness enthusiasts, and urban residents with a high level of awareness regarding health and sustainability (Porter, 1985). These conditions make Bali one of the most promising regions for the development of healthy bakery in Indonesia. Healthy bakeries not only offer healthier products but also provide emotional value and a sense of a specific lifestyle identity to consumers. Healthy bakery products are viewed as part of self-care, healthy living, and sustainable consumption. Consequently, consumers of healthy bakery products tend to exhibit higher loyalty compared to those of conventional bakeries because the relationship formed is not merely functional but also emotional.

In this context, the Blue Ocean Strategy serves as a relevant strategic approach to implement (Santosa & Wijayanti, 2022). The Blue Ocean Strategy emphasizes the importance of creating an uncontested market space through value innovation, enabling companies to avoid direct competition with rivals (Kim & Mauborgne, 2015). This strategy enables companies to create new value not yet offered by the industry, thereby building stronger differentiation (Yulianti & Putra, 2020). The application of the Blue Ocean Strategy to healthy bakeries is particularly worth examining because healthy bakeries do not merely sell food products but also offer experiences, lifestyles, and emotional value (Hartono & Lestari, 2020). Through value innovation, healthy bakeries can create a new market distinct from conventional bakeries and build sustainable competitive advantage (Larasati & Hidayat, 2023; Rahmawati & Pratama, 2023). This study focuses on three healthy bakeries in Bali: Oka's Bakery & Cafe, Finnfit Bakery, and Bali Buda. These three bakeries were selected because they possess distinct characteristics and positioning in developing the healthy bakery concept in Bali. This study aims to analyze the application of the Blue Ocean Strategy in healthy bakeries in Bali to create new market spaces, reconstruct value factors through the Four Actions Framework, and generate value innovations capable of creating sustainable competitive advantages.

METHOD

This study employs a qualitative approach using the case study method. The qualitative approach was chosen because the research aims to deeply understand the phenomenon of applying the Blue Ocean Strategy in healthy bakeries in Bali. This approach enables the researcher to gain a more comprehensive understanding of business strategies, value innovations, customer experiences, and the meanings constructed by healthy bakery business operators. The case study method was used because the research focuses on contemporary phenomena in a real-life context (Sugiyono, 2013; Yin & Campbell, 2018). Case studies allow researchers to conduct an in-depth exploration of the business strategies of healthy bakeries,

which possess unique characteristics that differ from those of conventional bakeries (Pine & Gilmore, 1999).

The research subjects consist of three healthy bakeries in Bali, namely:

1. Oka's Bakery & Cafe
2. Finnfit Bakery
3. Bali Buda

These three subjects were selected using purposive sampling because they were deemed to possess characteristics aligned with the research objectives, namely implementing the concept of a healthy bakery and demonstrating differentiation based on a healthy lifestyle. Research informants included business owners, operational managers, and key employees who understand bakery business strategies (Kotler & Keller, 2016). Additionally, several customers were interviewed to gain perspectives on their consumption experiences and perceptions of healthy bakeries.

Data collection was conducted through:

1. In-depth interviews
2. Participatory observation
3. Documentation

Interviews were conducted using a semi-structured approach to allow the researcher flexibility in exploring deeper information. Interview questions focused on business strategies, product differentiation, value innovation, customer experience, customer loyalty, and the application of the Four Actions Framework. Observations were conducted directly on the bakery's operational activities, customer interactions, interior design, product presentation, and the customer experience offered (Teece, 2010). Observations aimed to obtain contextual data that does not always emerge in interviews. Documentation was conducted by collecting product photos, promotional materials, the bakery's social media, product menus, and other relevant supporting documents (Schmitt, 2011; Zikmund et al., 2013).

Data analysis used the model (Miles et al., 2014) consisting of:

1. Data condensation
2. Data presentation
3. Drawing conclusions

During the data condensation stage, the researcher reduces and selects data relevant to the research focus. Subsequently, the data is presented in the form of narratives, tables, and data coding to facilitate interpretation. The final stage involves drawing conclusions based on patterns, themes, and relationships among the data identified during the study. Data validity is ensured through source triangulation, methodological triangulation, and member checking. Source triangulation involves comparing information from various informants, while methodological triangulation involves comparing results from interviews, observations, and documentation.

RESULTS AND DISCUSSION

The research results indicate that the three bakeries employ distinct differentiation strategies. Finnfit Bakery focuses on high-protein, low-sugar products targeted at the fitness community. Informants stated that customers come not merely to buy bread but to support their healthy lifestyle.

Bali Buda emphasizes the concepts of sustainability and an organic lifestyle. Customers do not just buy products, but also purchase values and the experience of a healthy lifestyle. This strengthens the emotional connection between customers and the brand.

Oka's Bakery demonstrates a transformation toward becoming a healthy bakery by offering gluten-free and low-sugar options. This bakery retains some characteristics of a conventional bakery but is beginning to adapt to changing consumer preferences.

Research findings indicate that the three healthy bakeries in Bali employ distinct business strategies in implementing the Blue Ocean Strategy, yet all share the same objective: to create differentiation based on a healthy lifestyle and value innovation.

Finnfit Bakery demonstrates the most specific application of the Blue Ocean Strategy through its positioning as a fitness bakery. The products offered are not only focused on taste but also on health benefits, such as high-protein bread, low-calorie pastries, and sugar-free products.

Based on the interview results, the informants stated:

"We certainly don't want to be just an ordinary bakery. Our products are made for people with specific health goals, such as weight loss or muscle gain." (Informant 2)

This statement indicates that Finnfit Bakery does not merely sell food products but also offers nutritional solutions and a healthy lifestyle to customers. This strategy creates a niche market that has not yet been extensively entered by conventional bakeries.

Additionally, Finnfit Bakery's customers tend to come from the fitness community and include consumers with a high awareness of healthy eating habits. This results in strong customer loyalty, as the products are perceived as aligning with their needs and lifestyle.

Meanwhile, Bali Buda takes a broader approach by integrating the concepts of a healthy lifestyle and sustainability. Its bakery products are positioned not only as healthy food but also as part of an eco-friendly lifestyle and mindful consumption.

The informant stated:

"Customers here usually already have an awareness of healthy lifestyles and sustainability." (Informant 3)

This indicates that Bali Buda has successfully built an emotional connection with customers through strong brand values and identity. Customers are not just buying products, but also purchasing an experience and values that align with their lifestyle.

Meanwhile, Oka's Bakery & Cafe demonstrates a business transformation process from a conventional bakery to a healthy bakery. This bakery began offering gluten-free and low-sugar products in response to shifting consumer preferences.

While still maintaining some standard products, Oka's Bakery is building differentiation through a healthy menu and a more modern, aesthetically pleasing customer experience. Analysis using the Four Actions Framework shows that all three bakeries have reconstructed the value factors of the bakery industry through:

1. eliminating unhealthy ingredients,
2. reducing irrelevant product variations,
3. improving the quality of raw materials,
4. and the creation of a healthy lifestyle bakery concept.

This study also found that value innovation occurs not only at the product level but also at the level of experience and the meaning of consumption. Consumers of healthy bakeries tend to purchase products because of the alignment of values with their identity and lifestyle. Analysis of the Four Actions Framework shows that "eliminate" is achieved by reducing the use of preservatives and unhealthy ingredients. "Reduce" is achieved by reducing irrelevant product variations. "Raise" is applied to the quality of raw materials and the customer experience. "Create" is achieved through fitness-based products, organic bakery offerings, and lifestyle branding (Wahyuni & Fitri, 2021; Widyaningsih, 2021; Wijayanti & Saputra, 2023; Wulandari & Kurniawan, 2021). The study also found that customer loyalty toward healthy bakeries tends to be higher than that of conventional bakeries due to the alignment of values

between customers and the brand. Consumers of healthy bakeries are not overly price-sensitive as long as the quality and experience provided meet their expectations. These findings reinforce the Blue Ocean Strategy concept that value innovation can create an uncontested market space that is difficult for competitors to replicate. Healthy bakeries in Bali have successfully differentiated themselves from direct competition with conventional bakeries through healthy lifestyle-based differentiation, emotional branding, and customer experience.

CONCLUSION

This study demonstrates that the application of the Blue Ocean Strategy in healthy bakeries in Bali has created a new market space distinct from conventional bakeries. The three case studies—Oka’s Bakery & Cafe, Finnfit Bakery, and Bali Buda—show that a business strategy centered on a healthy lifestyle is the primary factor in building sustainable differentiation and competitive advantage. The research findings reveal that changes in consumer behavior are the primary driver behind the growth of healthy bakeries in Bali. Modern consumers no longer consider only taste and price but also prioritize health aspects, raw material quality, sustainability, and product alignment with their lifestyles. These conditions create new market opportunities for healthy bakeries to avoid direct competition with conventional bakeries.

The application of the Blue Ocean Strategy is evident in the ability of healthy bakeries to create value innovations that differ from competitors. These innovations are not limited to products but also extend to business concepts, customer experiences, and the emotional value built for consumers. Healthy bakeries no longer merely sell bread as a food product but also offer a healthy lifestyle experience, a lifestyle identity, and the emotional value associated with the brand.

The application of the Four Actions Framework demonstrates that these three bakeries successfully reconstructed the value factors of the bakery industry. In the “eliminate” aspect, healthy bakeries have eliminated the use of ingredients considered unhealthy, such as excessive preservatives, chemical additives, and products with high sugar content. In the “reduce” aspect, they have reduced product variations irrelevant to their target market and minimized reliance on price war strategies.

Furthermore, in the “raise” aspect, healthy bakeries enhance the quality of raw materials, product health standards, customer service, and the customer experience. The use of organic ingredients, gluten-free ingredients, high-protein ingredients, and a comfortable store design are key elements in creating added value for customers. In the “create” aspect, healthy bakeries have successfully introduced new elements previously rare in the conventional bakery industry. Finnfit Bakery pioneered the “fitness bakery” concept with products tailored to athletic needs and healthy diets. Bali Buda established a strong “healthy lifestyle” and sustainability concept through organic ingredients and eco-friendly practices. Meanwhile, Oka’s Bakery & Cafe demonstrated adaptive “ ” by developing a healthy bakery model in response to shifting consumer behavior.

This study also found that customer loyalty toward healthy bakeries tends to be higher compared to conventional bakeries. This loyalty arises from a alignment of values between customers and the brand. Healthy bakery consumers do not merely purchase products; they also feel they are part of a specific community and lifestyle. This leads customers to become more loyal and less price-sensitive. From a Resource-Based View (RBV) perspective, the competitive advantages of healthy bakeries in Bali meet the characteristics of being valuable, rare, inimitable, and non-substitutable. These advantages stem not only from the products but also from corporate culture, the concept of a healthy lifestyle, emotional branding, customer experience, and emotional connections with customers. These factors make the strategies of healthy bakeries relatively difficult for conventional bakeries to replicate. Furthermore, this

study demonstrates that the Blue Ocean Strategy is highly relevant for application in the SME sector and creative industries such as healthy bakeries. This strategy enables small and medium-sized enterprises to avoid direct competition by creating new market spaces based on value innovation. Thus, the Blue Ocean Strategy is not only relevant for large corporations but is also effective when applied to local-scale businesses and niche markets.

Overall, this study demonstrates that the success of healthy bakeries in Bali is not solely determined by product quality but also by the business owners' ability to understand shifts in consumer lifestyles, build customer experiences, create emotional value, and develop a unique business positioning. Therefore, healthy bakeries can be viewed as a form of transformation in the modern bakery industry that integrates health, lifestyle, value innovation, and business sustainability into a single, integrated concept.

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