

## **INNOVATION STRATEGY DESIGN FOR CV. X'S HANDICRAFT BUSINESS AT THE LOCAL MARKET**

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### **ABSTRACT**

*This research is held to design a set of innovation strategy for CV. X which is based in handicraft industry, particularly for its local product division. A qualitative approach is used in accordance with descriptive case study model and inductive data analysis. During the analysis process, analysis tools used were Business Model Canvas, SWOT, Strategy Canvas and ERRC Grid of Blue Ocean Strategy, also Ten Types of Innovation. Business Model Canvas and SWOT function in evaluating existing business condition. Blue Ocean Strategy is then used to illustrate company's current position in the industry and to suggest how the business model may be changed differently. At last, Ten Types of Innovation takes place to formulate a set of innovation strategy that may be implemented by the company. This research concludes that the company is advised to undertake a combination of platform shift and customer experience shift in innovating, in which the company treasures bigger opportunities to win the competition by creating a unique customer experience quality and developing new platform to connect customers with company's offers.*

**Keywords :** Innovation strategy, Local market, Business Model Canvas, Blue Ocean Strategy, Ten Types of Innovation

### **INTRODUCTION**

The development of human knowledge and creativity, catalyzed with ease of access towards technology, internet and social media has emerged a significant number of start up businesses within recent years, especially in Asia. According to Ministry of Union and Small Medium Enterprises, the number of SMEs in Indonesia had already reached 57.9 million as per year 2014, having increased by 1.4 million since year 2012 (Latief, 2015). Besides that, based on United Nations's data, Indonesia's population ranked biggest fourth in the world after China,