

STRATEGIC DECISION MAKING FOR ENHANCING PROFITABILITY USING SIMPLE MULTI-ATTRIBUTE RATING TECHNIQUE (SMART) : THE CASE OF LB RESTAURANT

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ABSTRACT

Many restaurant businesses struggled to survive and went bankrupt during the COVID-19 period. LB Restaurant, a food and beverage (F&B) business based in Bandung, Indonesia, faced financial challenges after the COVID-19 pandemic. These challenges arose due to unstable profit growth and increasing, uncontrolled operational costs, which continuously eroded the company's earnings and resulted in minimal profits. This study aims to identify strategies to improve the profitability of LB Restaurant by utilizing SWOT (Strengths, Weaknesses, Opportunities, Threats) and TOWS Analysis to assess the restaurant's internal and external factors, based on Common-size Analysis and Profitability Ratio Analysis, the VRIO (Valuable, Rare, Inimitable, Organized) Framework, Value Chain Analysis, and Michael Porter's Five Forces. Using the SMART method, five alternative strategies: revenue diversification and cost control, maximizing partnerships, digitally enhanced customer retention and social media-driven upselling, financial buffer and contractual safeguards, and streamlined peak-hour operations, were analyzed and prioritized according to the criteria of profit potential, cost potential, customer retention potential, and implementation challenges for each strategic alternative.

Keywords : Simple Multi-Attribute Rating Technique; SMART; Food and Beverage Industry; Restaurant Operational Strategy; Strategic Decision-Making

ABSTRAK

Banyak bisnis restoran mengalami kesulitan untuk bertahan dan mengalami kebangkrutan selama masa COVID-19. LB Restaurant, sebuah usaha makanan dan minuman (F&B) yang berlokasi di Bandung, Indonesia, menghadapi tantangan finansial setelah pandemi COVID-19. Tantangan tersebut muncul akibat peningkatan keuntungan yang belum stabil serta meningkatnya biaya operasional yang tidak terkontrol, yang secara terus-menerus mengurangi keuntungan perusahaan dan menyebabkan laba yang diperoleh menjadi sangat minim. Studi ini bertujuan mengidentifikasi strategi untuk meningkatkan profitabilitas restoran LB melalui pendekatan SWOT (Strengths, Weaknesses, Opportunities, Threats) dan TOWS Analysis sebagai faktor internal dan eksternal restoran berdasarkan Common-size Analysis dan Profitability Ratio Analysis, VRIO (Valuable, Rare, Inimitable, Organized) Framework, Value Chain Analysis, dan Michael Porter's Five Forces. Melalui SMART, lima alternatif strategi, yaitu: diversifikasi pendapatan dan pengendalian biaya, memaksimalkan kemitraan, retensi pelanggan yang ditingkatkan secara digital dan peningkatan penjualan yang didorong oleh media sosial, penyangga keuangan dan pengamanan kontraktual, dan operasional yang efisien pada jam sibuk, dianalisis dan diprioritaskan berdasarkan kriteria potensi keuntungan, potensi biaya, potensi retensi pelanggan, dan tantangan implementasi terhadap alternatif strategi tersebut.

Kata Kunci : Teknik Penilaian Multi-Atribut Sederhana; SMART; Industri Makanan dan Minuman; Strategi Operasional Restoran; Pengambilan Keputusan Strategis

INTRODUCTION

The fluctuations in restaurant numbers have significantly impacted profitability, as many establishments struggled to adapt to the changing market conditions during and after the pandemic (Nhamo et al., 2020).

LB, a restaurant located in Bandung, which operates in the food and beverage (F&B) sector, focusing on restaurants, cafes, and catering services for individual and corporate needs, including factories.

Over the past year, LB has faced significant challenges in an uncertain business environment. The business has experienced its share of ups and downs, particularly when COVID-19 hit Indonesia in 2020. The LB restaurant had to close for three months due to PPKM restrictions. Following that, it gradually reopened with limited capacity, first 25%, then 50%, then 75%, until the end of 2022, when the government finally lifted the PPKM rules.

Figure 1 illustrates that LB Restaurant's actual Net Profit After Tax (NPAT) as a percentage of revenue has improved from a significant loss in 2020 to a positive value in 2024, yet it remains below the targeted profitability for each year. Despite this progress, a gap persists between actual and targeted NPAT,

This challenges have created a cycle where financial inefficiencies and poor decisions limit the company's ability to stay competitive and reducing profitability unless proactive measures are taken (Nagayoshi, 2014).

Based on this issue, muncul tiga research question untuk achieve the objective of this research as follows:

1. What are the internal and external factors that influence LB in improving profitability?
2. What alternatives could enhance LB's profitability within the next fiscal year?
3. What is the best strategy that can be implemented for enhancing profitability?

LITERATURE REVIEW

The author employs several theoretical foundations as the main references in this research. In the literature review, these relevant theoretical foundations are discussed in depth to support the explanation of the process used to address the formulated research questions. The application and relevance of these theoretical foundations are described in the following section:

Profitability ratio

Profitability ratios is important to examine a firm's ability to generate earnings relative to sales, assets, or equity (Khaeruddin et al., 2023). Profitability ratio consist into five components:

- Gross Profit Margin. The Gross Profit Margin (GPM) is a financial measure that compares a company's gross profit to its net sales over a specific time frame (Edwards, 2016). It highlights the efficiency with which the company manages production costs and its ability to generate profit from sales which the formula of this calcutlation shown in figure 2.
- Operating Profit Margin. The Operating Profit Margin evaluates a company's efficiency in generating profit from its core business operations. It represents the percentage of revenue that remains after covering operating expenses, excluding interest and taxes. The formula of this calcutlation shown in figure 3.
- Net Profit Margin. The Net Profit Margin (NPM) is a financial ratio used to measure how much profit a company makes from its total sales after deducting all expenses, including operating costs, interest, and taxes (Zutter & Smart, 2019). It shows how effectively a company turns revenue into profit and helps assess its cost management and overall profitability (Shubina et al., 2022). The formula of this calcutlation shown in figure 4.
- Retrun on Assets. Return on Assets (ROA) is a financial metric that evaluates a company's ability to generate profit relative to its asset base (Zutter & Smart, 2019). As the calculation formula shown in figure 5, higher ROA reflects greater efficiency in utilizing assets to maximize returns, while a lower ROA may indicate inefficiencies or reduced profitability (Singgih, 2022).
- Return on Equity. Return on Equity (ROE) is a financial ratio that evaluates a company's profitability in relation to the equity invested by its shareholders as the calculation formula shown in figure 6. ROE is also valuable indicator for evaluating management effectiveness and comparing the profitability of companies within the same industry context (Penman, 1991).

VRIO (Valuable, Rare, Inimitable, Organized) Framework

The VRIO framework is a tool designed to evaluate an organization's internal environment by assessing its resources and capabilities. Introduced by Barney (1991), the framework examines whether specific resources are Valuable, Rare, and Inimitable,

and if the organization is appropriately structured to support them. These four criteria are used to determine whether a resource can lead to sustained competitive advantage. There are ten aspects to be considered in this analysis; 1) Physical location (Agus, 2018); 2) product quality (Triono et al., 2024) ; 3) human capital (Jogaratnam, 2018) ; 4) supplier relationships (Shin & Cho, 2022); 5) service and hospitality (Kefalas, 2019); 6) social media presence (Alnsour & Al Faour, 2022) ; 7) POS and CRM technology (Morokhovich & Morokhovich, 2023) ; 8) sales promotion (Adelia & Aprianingsih, 2023); 9) strategic partnerships (Niu et al., 2021); and 10) product innovation (Gagic, 2016).

Value Chain Analysis

The value chain framework breaks down a firm into key activities to analyze cost structures and uncover opportunities for differentiation. The value chain framework is composed of two main categories: primary activities and support activities. Primary activities include inbound logistics, operations, outbound logistics, marketing and sales, and service, while support activities encompass procurement, technology development, human resource management, and firm infrastructure (Porter, 1985).

Michael's Porter Five Forces

The profitability of an industry depends on the collective strength of five competitive forces (Porter, 1985). These five competitive forces include industry rivalry, threat of substitution, bargaining power of suppliers, bargaining power of buyers, and threat of new entrants. These factors determine the long-term return on invested capital despite not all industries possess the same profit potential due to fundamental differences in their competitive environments (Isabelle et al., 2020).

SWOT Analysis and TOWS matrix

The SWOT analysis is a strategic framework used to evaluate both internal and external factors that influence an organization. Internal factors are categorized into strengths, which are favorable elements that enhance the organization's competitiveness, and weaknesses, which are internal limitations that may hinder performance (Taherdoost & Madanchian, 2021). Meanwhile, external factors consist of opportunities, representing favorable trends or conditions in the environment, and threats, which are external elements that could negatively impact the organization (Dimitrova, 2015). By systematically assessing these components, organizations can better formulate strategies

to achieve their objectives (Seth, 2015) . The TOWS Matrix is employed to systematically analyze and align an organization's internal strengths and weaknesses with external opportunities and threats. This alignment facilitates the development of strategic options that leverage strengths to capitalize on opportunities, mitigate weaknesses, and defend against threats (Weihrich, 1982).

Simple Multi-Attribute Rating Technique (SMART)

The Simple Multi-Attribute Rating Technique (SMART) is an established decision-making framework which first introduced by Edwards in 1971 and designed to evaluate alternatives based on multiple criteria. It provides a structured approach to complex decision-making by assigning weights to criteria and scoring alternatives relative to these weights. This method is particularly valued for its simplicity, transparency, and ability to incorporate both qualitative and quantitative attributes into the evaluation process (Alinezhad & Khalili, 2019).

Conceptual Framework

The conceptual framework presented in Figure 7 describes a systematic process for addressing the research questions. To determine the appropriate strategy for improving the profitability of LB Restaurant, which is the main objective of this study, an in-depth analysis was conducted of the factors influencing profitability, encompassing both internal and external factors. Internal factors were identified using theoretical frameworks such as Common-size Analysis, Profitability Ratio Analysis, the VRIO (Valuable, Rare, Inimitable, Organized) Framework, and Value Chain Analysis. Meanwhile, external factors were analyzed using Michael Porter's Five Forces approach. The results of these analyses were then formulated into a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis and subsequently compiled into a TOWS matrix. The findings from the TOWS matrix were used to develop alternative strategies, which were then evaluated using the SMART (Simple Multi-Attribute Rating Technique) method by assessing each strategic alternative based on criteria derived from the internal findings analysis. This process of evaluating strategic alternatives serves as the main approach in answering the research questions formulated in this study.

RESEARCH METHODOLOGY

Method is a method of work that can be used to obtain something. While the research method can be interpreted as a work procedure in the research process, both in searching for data or disclosing existing phenomena (Zulkarnaen, W., et al., 2020:229). The main objective of this study is to answer the research question regarding the best strategy that can be chosen from several alternatives to increase the profitability of LB Restaurant. The determination of this strategy is based on the analysis of the existing conditions of the restaurant through the identification of internal and external factors that affect the company's performance.

Research Design

Berdasarkan figure 8 Terdapat delapan proses dalam research deisign; 1) identifying business issue; 2) formulating research question and objective; 3) conducting conceptual frameworks; 4) data collection; 5) data integration and analysis; 6) determining strategic alternatives and choosing the best strategy to deliver the research question; 7); build implementation plan; and 8) conclusion and recommendations.

Data Collection Method

The main objective of this study is to answer the research question regarding the best strategy that can be chosen from several alternatives to increase the profitability of LB Restaurant. The determination of this strategy is based on the analysis of the existing conditions of the restaurant through the identification of internal and external factors that affect the company's performance.

The author divides the data collection methods based on two main approaches; internal environmental analysis and external environmental analysis. Internal environmental analysis is conducted using Common-size analysis, Profitability Ratio Analysis, VRIO Framework, and Value Chain Analysis. Meanwhile, external environmental analysis is carried out through Michael Porter's Five Forces framework. To obtain primary data, the author conducted interviews, while secondary data was obtained from financial reports and various online sources.

1. Interview

Primary data was obtained using purposive sampling through semi-structured interviews with internal stakeholders. This approach ensures the collection of both

qualitative insights and quantitative metrics necessary for formulating strategies to enhance LB Restaurant's profitability in the post-COVID-19 period.

2. Financial Statement

Secondary data is taken from LB Restaurant's financial statements to be compared with benchmark companies in the same industry. This method allows the author to measure and compare financial performance indicators based on well documented data sources.

3. Online Sources

Secondary data is taken from credible online sources; related journals, articles, and financial publication data, to compare LB's financial performance with similar companies.

Data Analysis Method

This study uses a mixed method; qualitative and quantitative analysis, to analyze the data obtained. Qualitative analysis was conducted through interviews with internal stakeholders, focusing on four main strategic frameworks: the VRIO framework, Value Chain Analysis, and Porter's Five Forces. The results of the interviews were analyzed using a thematic approach to identify patterns and themes that explain LB Restaurant's internal capabilities. Meanwhile, quantitative analysis was conducted by utilizing secondary data, especially LB Restaurant's financial reports and internal reports on customer satisfaction.

RESULT AND DISCUSSION

Internal Environmental Analysis

1. Common-size Analysis and Profitability Ratio

Based figure 9, the common-size analysis focuses on seven key aspects in past years (2020-2024): Total Revenue, Cost of Goods Sold, Gross Profit, Selling Expenses, General and Administrative Expenses, Operating Profit (EBITDA), and Net Profit After Tax. As illustrate in Table 1, LB Restaurant has shown significant financial recovery after the pandemic, as seen from revenue growth, improved cost management, and return to profitability. However, rising raw material costs, fluctuations in operating expenses, and increased administrative costs in 2024 remain challenges. To achieve and maintain higher profit margins, LB Restaurant needs to continue to focus on cost control, pricing strategies, and efficient resource utilization.

According to profitability ratio as shown in Table 2 , In 2024, PT XYZ through LB's profitability has improved from 7.01% to 5.33%, operational efficiency and also exceeding the benchmark.

2. VRIO (Valuable, Rare, Inimitable, Organized) Framework

The VRIO analysis results as shown in Table 3 indicates that LB's core strengths; 1) Physical Location; 2) Product Quality; 3) Human resources; 4) Service and Hospitality, and 5) Product Innovation, provide sustainable competitive advantages. Meanwhile, the other aspects; 6) Supplier relationships; 7) POS and CRM Technology; and 8) Sales promotions only provide a level of competitive parity. The other aspects; 9) Social media presence; and 10) strategic partnerships only provide temporary competitive advantages.

3. Value Chain Analysis

In general, according to Table 4, the results of the value chain analysis indicate that LB Restaurant's main advantages lie in efficiency in the procurement process, implementation of good quality control, integrated use of technology, and responsive customer service. However, there are still challenges related to operational management during peak hours and the use of customer feedback in marketing strategies.

External Environmental Analysis

1. Michael Porter's Five Forces

Based on analysis, it can be concluded as follows:

Threat of New Entrants: Very high Bargaining Power of Suppliers: Low
Bargaining Power of Buyers: Moderate to High Industry Rivalry: Very High
Threat of Substitutes: High

Michael Porter's Five Forces analysis for LB Restaurant shows that the industry is highly competitive with significant barriers to entry for new entrants and a wide range of substitute products. Meanwhile, the bargaining power of suppliers is low due to flexible raw material sources and stable prices. In contrast, the bargaining power of buyers is moderate to high, given the many alternative choices and the influence of digital platforms.

Analysis of SWOT

SWOT in this study was processed by the author through identification of internal and external analysis results which were then formulated into categories of

strengths, weaknesses, opportunities, and threats as formulated in the Table 5, Table 6, Table 7, Table 8. Furthermore, the results of the SWOT analysis will be further formulated into the TOWS matrix, which is used as a basis for developing alternative strategies through the Simple Multi-Attribute Rating Technique (SMART) method.

Analysis of TOWS, Determining Criteria and Strategic Alternatives

Based on the results of the SWOT analysis and TOWS matrix (see **Table 9**), several alternative strategies were obtained that can be considered shown in **Table 10**. To assess and rank these alternatives, a number of criteria were used that came from the findings of the internal analysis and interview results, as shown in **Table 11**. The four main criteria identified were: 1) Profit Potential, 2) Cost Potential, 3) Customer Retention Potential, and 4) Implementation Challenges. Furthermore, all alternative strategies will be evaluated using the SMART method.

Simple Multi-Attribute Rating Technique (SMART) Calculation

1. Assigning and normalizing importance weights for each evaluation criterion.

The importance weight of each criterion is determined through interviews and surveys of decision makers; CEOs, CFOs, and COOs, with the aim of providing an objective assessment of the significance of each criterion in strategic decision making. The weighting was calculated by quantifying the data results using the Likert method through the range of scores (0-100); Not Important (0-19), Less Important (20-39), Moderate (40-59), Important (60-79), and Very Important (80-100). . According to the results, the order of criteria importance is as follows: (1) Profit Potential > (2) Costs Potential > (3) Implementation Challenges > (4) Customer Retention Potential. Based on this ranking, the normalized importance weights for each criterion are presented in Table 12.

2. Evaluating each alternative and calculating its weighted average.

After the results of the assessment and weighting of the criteria have been found, the next step is to assess the alternatives with the criteria that have been set through the assessment of decision makers through a survey with a Likert scale quantification; Very Low (0), Low (25), Medium (50), High (75), and Very High (100), and the results are shown in Table 13. Based on the result, the weighted average of each criterion is multiplied by the score of each available alternative ($W \times S$), resulting in an aggregate score for each alternative. This aggregate score then serves as the basis for selecting the

best alternative, with the highest score indicating the most optimal choice as shown in Table 14.

3. Provisional decision plot

Based on Table 14, Revenue Diversification & Cost Control, with the highest aggregate score of 63.3975, is selected as the primary solution.

4. Perform sensitivity analysis for each alternative

Sensitivity analysis is performed by setting the weight of each criterion to zero in turn on four scenario to observe how changes affect comparison alternatives and assess the stability of decision outcomes. The result, as shown in Table 15 indicate when the weight for profit potential is eliminated, the Streamlined Peak-hour Operations alternative achieves the highest aggregate score of 64.8305. However, in scenarios where the weights for cost potential, customer retention potential, or implementation challenges are set to zero, the Revenue Diversification & Cost Control alternative consistently obtains the highest score (77.7202, 61.4537, and 67.9293, respectively). The findings from this sensitivity analysis indicate that the assessment and selection of alternative 1, Revenue Diversification & Cost Control, remain consistent across three out of the four criteria previously identified. This shows that the alternative is the most acceptable and stable choice in most sensitivity scenarios.

SMART Analysis Conclusion

In this study, the criteria were developed based on findings from the restaurant's internal analysis, which were obtained through interview data. These criteria were then weighted using a Likert scale ranging from 0 to 100, with questionnaires distributed to decision makers: the CEO, COO, and CFO.

The process resulted in a total score of 265, with the following breakdown: Profit Potential received a score of 88 and a weight of 33%, Cost Potential scored 72 with a 27% weight, Customer Retention Potential scored 38 with a 15% weight, and Implementation Challenges scored 67 with a 25% weight. These results indicate that profit potential is the most important criterion in the selection process, followed by cost potential, implementation challenges, and customer retention potential as a supporting factor for revenue growth.

Based on these weights, each strategic alternative was assessed, producing a total aggregate score of 289.4350. The ranking of alternatives is as follows: Revenue

Diversification & Cost Control (63.3975), Streamlined Peak-hour Operations (59.9050), Financial Buffer and Contractual Safeguard (58.3025), Maximizing Partnership (54.2450), and Digitally Enhanced Customer Retention & Social Media-Driven Upsell (53.5850). Accordingly, Revenue Diversification & Cost Control, which achieved the highest aggregate score, was selected as the primary solution in this research.

Implementation Plan

Berdasarkan hasil analisis SMART dan penjelasan sebelumnya, Revenue Diversification & Cost Control dipilih sebagai strategic alternative untuk meningkatkan profitabilitas LB. Berdasarkan hasil wawancara, Untuk revenue diversification adalah membuka bisnis photobooth didalam restoran sebagai penarik pengunjung baru dan cost control pada operasional restoran. Implementation plan untuk revenue diversification dapat dilihat pada figure

CONCLUSION

The conclusions of this study were drawn from a comprehensive, systematic analysis aimed at identifying the most effective strategies to improve LB Restaurant's profitability. These findings directly address the research questions formulated in this study.

RQ 1 : What are the internal and external factors that influence LB in improving profitability?

Internal and external factors that influence LB in increasing profitability are obtained through the results of the SWOT analysis that has been developed. According to SWOT analysis which is used in this research, the internal factors divided into strengths, weaknesses, while external factros divided into opportunities, and threats for each as follows:

- Strenghts: 1) Significant revenue rebound post-pandemic; 2) strategic location; 3) high product quality and customer satisfaction; 4) advanced technology integration (POS); and 5) strong partnerships and supplier management.
- Weaknesses: 1) Fluctuating expense control; 2) high overhead sensitivity; 3) operational bottlenecks during peak hours; 4) lack of a signature dish; and 5) limited integration of customer feedback into direct marketing strategy.
- Opportunities: 1) Continued revenue expansion and revenue stream; 2) rising tourist traffic and government support; 3) further innovation in menu, service, and

technology; 4) social media and influencer leverage; and 5) flexible sourcing in procurement.

- Threats: 1) High competition (industry rivalry); 2) substitute options (many alternatives); 3) volatile entry barriers (government policy, rental costs); 4) supplier reliability and volatility in the prices of key raw materials driven by the domestic market; and 5) easily replicated offerings.

RQ 2 : What alternatives could enhance LB's profitability within the next fiscal year?

Based on the combination of LB Restaurant's internal and external factors and further TOWS analysis, five alternative strategies to enhance profitability have been identified: 1) Revenue diversification and cost control; 2) maximizing partnership; 3) digitally enhanced customer retention and social media-driven upsell; 4) financial buffer and contractual safeguard; and 5) streamlined peak-hour operations.

RQ 3 : What is the best strategy that can be implemented for enhancing profitability?

Based on the decision-making process conducted by the CEO, CFO, and COO, and using the SMART (Simple Multi-Attribute Rating Technique) method to evaluate the available alternatives, a conclusion was reached regarding the best strategy for LB Restaurant. According to the five strategic alternatives outlined in the second research question, the analysis indicates that revenue diversification and cost control is the most effective strategy to be implemented for enhance LB's profitability.

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FIGURE AND TABLE

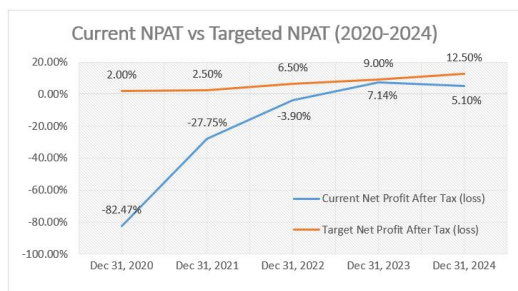


Figure 1. LB's Gap Net Profit After Tax
(Source : Internal Data)

$$\text{Gross Profit Margin} = \left(\frac{\text{Net Sales} - \text{Cost of Goods Sold (COGS)}}{\text{Net Sales}} \right) \times 100$$

Figure 2. Gross Profit Margin Formula

$$\text{Operating Profit Margin} = \frac{\text{Operating Profit}}{\text{Sales}} \times 100$$

Figure 3. Operating Profit Margin Formula

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales}} \times 100$$

Figure 4. Net Profit Formula

$$\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}} \times 100$$

Figure 5. ROA formula

$$\text{ROE} = \frac{\text{Earnings Available for Common Stockholders}}{\text{Common Stock Equity}}$$

Figure 6. ROE Formula

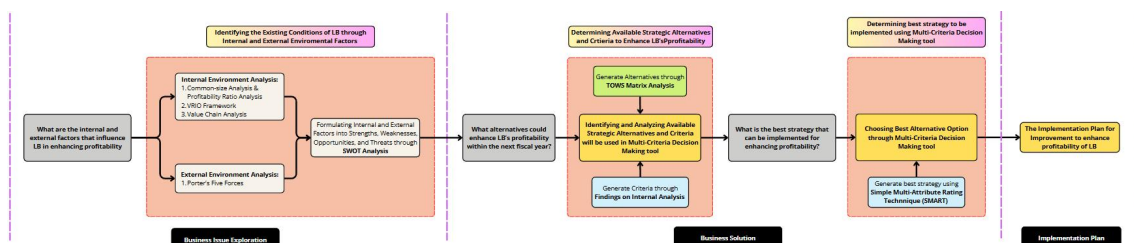


Figure 7. Conceptual Framework

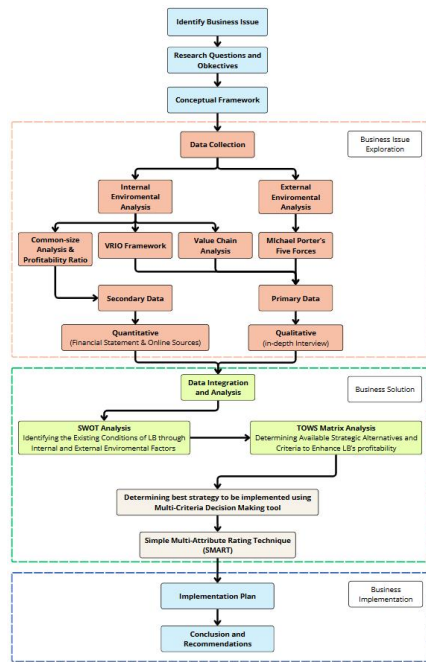


Figure 8. Research Design

Account	Dec 31, 2020	Dec 31, 2021	Dec 31, 2022	Dec 31, 2023	Dec 31, 2024
Total Revenue	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	58.81%	37.91%	40.02%	39.33%	48.03%
Gross Profit	41.19%	62.09%	59.98%	60.70%	51.97%
Selling Expenses	52.38%	73.45%	49.10%	46.00%	32.77%
General and Administrative Expenses	72.23%	18.46%	14.82%	7.64%	13.86%
Operating Profit (loss)	-84.22%	-27.82%	-9.98%	7.01%	5.33%
Other Income	1.77%	0.08%	6.30%	0.13%	0.02%
Profit Before Tax (loss)	-82.45%	-27.74%	-3.68%	7.14%	5.34%
Income Tax	0.02%	0.00%	0.22%	0.00%	0.24%
Net Profit After Tax (loss)	-82.47%	-27.75%	-3.90%	7.14%	5.10%

Figure 9. Common-size Income Statement in Summary (2020-2024)

No	Alternatives	Activity	Detailed Activity	July				August				September				October				November				December			
				1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1	Revenue Diversification (build new photobooth business)	Market Research, Business Planning, & Branding	Conduct market research, visit similar businesses, analyze competition. Finalize business concept and services																								
2		Procurement & Branding	Research and shortlist suppliers for all key equipment (camera, printer, laptop, software). Prepare legal documents, apply for permits if needed. Contact suppliers for quotations, compare pricing and delivery times. Place orders for equipment and pay down payments.																								
3		Equipment Purchase & Booth Design	Design booth layout, backdrop, and choose props. Draft Standard Operating Procedures (SOP) for booth operation. Confirm supplier delivery status and follow up.																								
4		Installation, Setup, & Staffing	Receive and inspect equipment deliveries. Assemble the booth, decorate the area, install backdrop and lighting. Install and configure software, printer, and camera. Recruit or assign staff for the booth, finalize work schedules.																								
5		Training, Trial Run, and Grand Opening	Set up payment gateways, POS systems, and cashless payment solutions. Conduct staff training for operations and troubleshooting. Soft opening/internal trial run with friends and family. Confirm all legal, partnership, and compliance matters before launch. Finalize booth setup. Hold official grand opening event.																								
1		Expense Monitoring and Budgeting	Review expense reports and financial statements every month to monitor spending trends. Set clear budgets for each department (kitchen, bar, marketing) and empower supervisors to manage within these limits. Investigate and address significant budget variances immediately to avoid unnecessary losses.																								
2		Operational Efficiency Improvement	Evaluate kitchen and service workflows each month to reduce bottlenecks and speed up table turnover. Evaluate staff to be flexible in handling various roles and adjust work schedules according to customer traffic each month. Regularly track the use of electricity and water.																								
3		Inventory Management Enhancement	Implement inventory management that tracks real-time stock levels for all critical ingredients. Conduct once in two week inventory inspections and perform monthly audits to minimize spoilage, prevent losses from theft, and avoid excessive stockpiling. Set minimum and maximum stock levels for each item based on historical sales data and forecasted demand.																								
4		Supplier Diversification and Contract Negotiation	Assess the performance of current suppliers, focusing on pricing, reliability, and quality. Negotiate long-term agreements or bulk purchase discounts once every two months with supplier if available.																								

Figure 10. Implementation Plan Timeline for Revenue Diversification and Costs Control

Table 1. Financial Performance Trends and Interpretations for LB (2020-2024)

Financial Aspect	Evidence	Cause	Implication
Total Revenue	Revenue grew from Rp 417.8 million in 2020 to Rp 2.56 billion in 2024, indicating recovery from the pandemic and consistent growth.	Post-COVID demand rebound, improved service capacity, and market recovery.	Revenue growth is essential, but cost control and margin protection are necessary for sustained profitability.
Cost of Goods Sold (COGS)	COGS decreased significantly to 39.30% of revenue in 2023, showing efficiency gains, but rose to 48.03% in 2024 due to higher input or sourcing costs.	Initial savings from renegotiated contracts or improved kitchen efficiency; the 2024 increase may stem from inflation or volume-based pricing factors.	Rising COGS in 2024 could threaten margins. Monitoring procurement strategy and ingredient cost closely is essential.
Gross Profit	Gross profit margin peaked at 62.09% in 2021 due to lower COGS but fell to 51.97% in 2024, showing margin pressure despite increased revenue.	Increased efficiency in 2021 raised margins, but rising COGS and a slight revenue slowdown in 2024 pressured margins.	The drop in gross margin may limit future profit growth. Improving pricing and cost control strategies is essential.
Selling Expenses	In 2021, selling expenses peaked at 73.45% due to salary increases. By 2024, these expenses fell to 32.77%, driven by better labor cost management and lower rental prices.	Labor cost control and rent optimization post-2021 helped reduce selling expenses.	Cost reductions in selling expenses contribute to profit recovery, and additional optimization may enhance margins.
General & Admin Expenses	General and administrative expenses fell sharply from 72.23% in 2020 to 7.64% in 2023, before rising again to 13.87% in 2024 as investments resumed.	Gains from trimming excess and reallocating budget in 2021, 2023, and 2024 suggest new investments or higher compliance/utility costs.	The increase in 2024 may reflect necessary reinvestments, but it needs to be monitored to avoid burdening profitability.
Operating Profit (EBITDA)	EBITDA moved from a significant operating loss (-84.22%) in 2020 to a positive 5.33% margin in 2024, signalling a significant operational turnaround.	Improved operational processes, better cost monitoring, and more stable revenue streams helped EBITDA recover by 2024.	Positive EBITDA marks financial recovery, but to reach higher profitability, further gains in operational efficiency are required.
Net Profit After Tax	Net profit improved from a profound loss of -82.47% in 2020 to 5.10% in 2024.	Improved cost management, revenue growth, and reduced overheads led to recovery. However, volatile expenses and COGS prevented stronger margin gains.	While the business turned profitable, achieving the 8%-15% net margin target will require tighter cost control, pricing strategies, and more efficient use of operational resources.

Table 2. Profitability Ratio Analysis and Interpretations for LB (2020-2024)

Profitability Ratio	Evidence	Cause	Implication
Gross Profit Margin	PT XYZ's gross profit margins fluctuated from 40.39% to 62.09%, mostly lower than Champ's, which ranged from 57.85% to 64.50%.	Higher COGS and unstable cost structure likely reduced PT XYZ's gross margin below the benchmark in most years.	PT XYZ needs to maintain cost control to stabilize margins and reach or exceed benchmark levels.
Operating Profit Margin	PT XYZ showed deep operating losses in the early years, recovering to 7.01% and 5.33% in 2023 and 2024, slightly above Champ's margins.	High fixed costs and early inefficiencies contributed to initial losses, which later improvements raised operating performance.	Operational efficiency must be preserved to sustain positive margins and avoid past losses.
Net Profit Margin	PT XYZ posted negative net profit margins until 2022, then outperformed Champ in 2023 and 2024 with 7.14% and 5.10%.	Improved cost control and revenue growth after 2022 increased net profits, especially compared to Champ's slower growth.	The growth in net profit reflects signs of financial recovery. This suggests that the company should continue enhancing cost efficiency and reviewing unnecessary expenditures to sustain its profitability improvement.
Return on Assets (ROA)	PT XYZ's ROA moved from -35.56% in 2020 to 12.79% in 2024, surpassing Champ's consistent but lower ROA from 5.05% to 1.77%.	Asset utilization became more efficient over time, leading to better returns despite a lower asset base than Champ.	Effective asset management has supported profitability; in this case, the company should invest in important productive assets that can generate income.
Return on Equity (ROE)	PT XYZ's ROE shifted from -40.28% to 14.28%, exceeding Champ's benchmark (5.05% to 6.81%) in the last two years.	Strengthened profitability and reinvestment efficiency improved equity returns, particularly in 2023 and 2024.	Higher ROE improves investor confidence and shows strong potential for continued financial performance.

Table 3. VRIO Framework Result

Resource Aspect	V	R	I	O	Competitive Consequences
Physical Location	✓ Yes	✓ Yes	✓ Yes	✓ Yes	Sustained Competitive Advantage
Product Quality	✓ Yes	✓ Yes	✓ Yes	✓ Yes	Sustained Competitive Advantage
Human Capital	✓ Yes	✓ Yes	✓ Yes	✓ Yes	Sustained Competitive Advantage
Supplier Relationships	✓ Yes	X No	X No	✓ Yes	Competitive Parity
Service & Hospitality	✓ Yes	✓ Yes	✓ Yes	✓ Yes	Sustained Competitive Advantage
Social Media Presence	✓ Yes	✓ Yes	X No	✓ Yes	Temporary Competitive Advantage
POS & CRM Technology	✓ Yes	X No	X No	✓ Yes	Competitive Parity
Sales Promotion	✓ Yes	✓ Yes	X No	✓ Yes	Competitive Parity
Strategic Partnerships	✓ Yes	✓ Yes	X No	✓ Yes	Temporary Competitive Advantage
Product Innovation	✓ Yes	✓ Yes	✓ Yes	✓ Yes	Sustained Competitive Advantage

Table 4. Value Chain Analysis Result

Value Chain Component	Findings
Inbound Logistics	Uses direct market purchases, producers, and suppliers. Direct buying is faster and cost-effective, quality is maintained through trusted vendors. Supplier route offers guarantees but is slower and costlier. Local suppliers preferred for reliability.
Operations	Zero-waste policy in kitchen, strict quality checks, peak-hour bottlenecks due to equipment/manpower limits, daily reporting supports stock planning and consistency.
Outbound Logistics	Organized order management with ticketing and POS integration, efficient coordination for takeaway/delivery, real-time updates on orders and stock.
Marketing and Sales	Combines digital (Instagram, Meta Ads, KOL collaborations) and offline (cultural exhibitions, incentives) marketing. Customer feedback is collected but not fully integrated.
Service	Daily customer feedback and complaint management, prompt compensation, incentive programs for customers and staff, feedback used for improvement.
Procurement	Supplier selection based on price, quality, and communication. Poor performance or communication leads to contract termination, preference for experienced local suppliers.
Technology Development	Majoo POS system for sales and inventory. Enhances efficiency, but dependency on third-party system poses cost and migration risks. Considering in-house POS for the future.
HR Management	Careful recruitment and ongoing training, performance-based evaluation, workflow guidance, skill development, and performance incentives for retention.
Firm Infrastructure	Annual budget allocation based on projections, focus on operational improvements, daily/monthly inventory and financial reporting following accounting standards.

Table 5. Strength Elements in Conclusion

Strength	Source	Description
Significant Revenue Rebound Post-Pandemic	(Common-Size Analysis and Profitability Ratio)	The restaurant achieved a strong revenue recovery after COVID-19. This shows the ability to seize market opportunities and drive growth.
Strategic Location	(VRIO Framework)	The prime location attracts steady customer traffic and supports pricing, enhancing revenue potential.
High Product Quality & Customer Satisfaction	(VRIO Framework)	Consistent product quality leads to high customer satisfaction and repeat business. This also supports sustainable profitability.
Advanced Technology Integration (POS)	(Value Chain Analysis)	Operational efficiency and sales tracking are optimized through technology by maximizing each transaction's value.
Strong Partnerships & Supplier Management	(VRIO Framework), (Value Chain Analysis)	Partnerships with delivery platforms and other business entities like Photobox and reliable suppliers help stabilize costs and expand sales channels.

Table 6. Weakness Elements in Conclusion

Weakness	Description
Fluctuating Expense Control	Inconsistent management of general and administrative expenses threatens profit margins, particularly when revenues fluctuate.
High Overhead Sensitivity	The business faces challenges with rising rent, salaries, and other overhead costs, which can increase financial risks and impact profits.
Operational Bottlenecks (Peak Hours)	Limited kitchen capacity and manpower during busy periods restrict potential revenue and customer satisfaction.
Lack of Signature Dish	Common menu offerings make it difficult to differentiate and justify premium prices.
Limited Integration of Customer Feedback into Direct Marketing Strategy	This limited integration means the restaurant may miss out on valuable insights that could inform marketing decisions from customer feedback.

Table 7. Opportunity Elements in Conclusion

Opportunities	Description
Continued Revenue Expansion & Revenue Stream	Capturing post-pandemic demand and the recovering market presents potential for significant sales growth. Adding more revenue streams capitalizes on tourist demand for experiences and generates new income. This can differentiate LB from competitors.
Rising Tourist Traffic & Government Support	Increasing tourist visits and supportive local policies (like Braga Beken) create opportunities for higher sales and customer volume.
Further Innovation (Menu/Service/Tech)	Introducing new products, leveraging technology, and improving service can help attract new customer segments and increase average spend.
Social Media & Influencer Leverage	Social media platforms and online reviews have a significant impact on attracting new customers to LB. Positive online visibility increases trust and serves as a primary factor in the decision-making process for diners.
Flexible Sourcing in Procurement	The restaurant can easily switch suppliers when needed and is not dependent on any single vendor.

Table 8. Threat Elements in Conclusion

Opportunities	Description
Continued Revenue Expansion & Revenue Stream	Capturing post-pandemic demand and the recovering market presents potential for significant sales growth. Adding more revenue streams capitalizes on tourist demand for experiences and generates new income. This can differentiate LB from competitors.
Rising Tourist Traffic & Government Support	Increasing tourist visits and supportive local policies (like Braga Beken) create opportunities for higher sales and customer volume.
Further Innovation (Menu/Service/Tech)	Introducing new products, leveraging technology, and improving service can help attract new customer segments and increase average spend.
Social Media & Influencer Leverage	Social media platforms and online reviews have a significant impact on attracting new customers to LB. Positive online visibility increases trust and serves as a primary factor in the decision-making process for diners.
Flexible Sourcing in Procurement	The restaurant can easily switch suppliers when needed and is not dependent on any single vendor.

Table 9. TOWS matrix

INTERNAL FACTORS	STRENGTH	WEAKNESSES
	S1: Significant Revenue Rebound Post-Pandemic S2: Strategic Location S3: High Product Quality & Customer Satisfaction S4: Advanced Technology Integration (POS) S5: Strong Partnerships & Supplier Management	W1: Fluctuating Expense Control W2: High Overhead Sensitivity W3: Operational Bottlenecks (Peak Hours) W4: Lack of Signature Dish W5: Limited Integration of Customer Feedback into Direct Marketing Strategy
EXTERNAL FACTORS	S - O Strategy	W - O Strategy
O1: Continued Revenue Expansion & Revenue Stream O2: Rising Tourist Traffic & Government Support O3: Further Innovation (Menu/Service/Tech) O4: Social Media & Influencer Leverage O5: Flexible Sourcing in Procurement	1. Leverage significant post-pandemic revenue rebound and Strategic Location to expand revenue streams and market segmentation. (S1, S2, O1) 2. Launch a "signature dish" menu, co-create "limited edition dishes" or bundles through partnerships based on seasonal trends and customer feedback, and use the location to host chef collaborations or pop-up events to test new menu items and innovations. (S2, S3, S5, O3) 3. Partner with tourism programs to be featured in city tours and travel guides to maximize location benefits. (S2, O2) 4. Use other social media platforms besides Instagram to reach a broader potential customer base through product and venue promotions (S2, S3, O4). 5. Take advantage of flexible procurement with strong supplier management for cost advantage and unique offerings. (S5, O4)	1. Use sales momentum to fund R&D to develop a signature offering through menu innovation. (W4, O1, O3) 2. Implement automated expense tracking and budgeting for each month and analyze it based on standard operating procedure (SOP) to stabilize profit margins as sales grow. (W1, O1) 3. Streamline peak hour operations with service innovation (W3, O3) 4. Renegotiate with the property owner for annual rent incentives, and secure the agreement in a legally binding contract to prevent unilateral changes. (W2, O1) 5. Make loyalty program more dynamic by linking them to online platforms like GoFood and GoRide using customer preferences, sales data, and seasonal trends to attract a wider customer base. (W5, O3)
THREATS	S - T Strategy	W - T Strategy
T1: Intense Competition, Substitute Options & Market Saturation T2: Easily Replicated Offerings T3: Supplier Reliability & Cost Fluctuations T4: Regulatory & Compliance Cost Increases	1. Exploit prime location to outshine competition through looking street-side promotions, or eye-catching storefront displays unique to Braga. (S2, T1) 2. Strengthen financial resilience by maintaining a financial buffer to address risks related to supplier reliability and fluctuating costs. (S1, T3). 3. Differentiate with quality to combat copycat offerings by focusing on exceptional ingredients, consistency in every dish, and attentive service. (S3, T2) 4. Ensure all products and processes meet or exceed health and safety standards to reduce compliance risk. (S5, T4) 5. Diversify the supplier base and establish backup agreements to maintain supply continuity despite market disruptions. (S5, T3)	1. Optimize peak-hour service to retain customers (W3, T1) 2. Implement strict budgeting and real-time cost monitoring to stay price-competitive and protect margins from new entrants. (W1, T1) 3. Personalize offers based on digital tracking, so even if basic rewards are copied, customer engagement remains higher. (W5, T2) 4. Regularly review and renegotiate overhead contracts (rent, utilities) in line with new regulations and cost pressures. (W2, T4) 5. Explore the uniqueness to avoid being one of many (W4, T2) 6. Negotiate fixed-cost or long-term supply contracts and maintain emergency reserve funds to limit vulnerability to price swings. At the same time, diversify suppliers and pursue bulk purchase discounts to reduce reliance on single suppliers and ensure supply continuity. (W3, W1, T3).

Table 10. List of Strategic Alternatives

Alternative	Derived From	Description
Revenue Diversification & Cost Control	SO1 + WO1+ SO5 + WT6 + ST5	Attracts new segments through expanding the market and reducing/controlling Expenses and COGS, which can protect profit margins.
Maximize Partnerships	SO3 + WO3 + ST5 + WT6	Partnering with tourism programs and making business collaboration with other partners can boost sales
Digitally enhanced customer retention & Social media-driven upsell	WO5 + WT3	Repeat sales through increases transaction size.
Financial buffer and Contractual Safeguard	WO2 + ST2 + WO4	Lowers fixed costs, allows strategic purchasing for savings.
Streamlined peak-hour operations	WO3 + WT1	Maximizes sales volume during high-traffic periods.

Table 11. List of Criteria

Internatl Analysis Finding	Criteria	Description	Excerpt from Interview
Common-size Analysis, Profitability Ratio, VRIO Framework, Value Chain Analysis	Profit Potential	Refer to tracking margins and ratios identifies progress and gaps toward profitability targets.	"LB's promo strategies have boosted sales and kept customers loyal. In the end, profit is always the top priority in every decision."
Common-size Analysis, Profitability Ratio, Value Chain Analysis	Costs Potential	Refer to make the effective cost management directly raises profit margins and identify where expenses can be optimized to support profitability.	"Buying directly from producers has also helped cut costs. Still, we need to watch raw material spending COGS dropped a lot by 2023 but started rising again in 2024 as purchases increased."
VRIO Framework, Value Chain Analysis	Customer Retention Potential	Measures how well the restaurant's efforts encourage guests to return and dine again. Includes consideration of customer satisfaction, food quality, service consistency, loyalty programs, and personalized offers.	"Our service and hospitality are top-rated, scoring 4.82 of 5 from customers. We also run incentive programs, offering rewards like vouchers or free products to keep guests satisfied and coming back."
VRIO Framework, Value Chain Analysis	Implementation Challenges	Implementation challenge refers to how difficult or easy it is to put a strategic alternative into action in order to increase profitability.	"Our product quality really stands out which 98% of customers are satisfied and want to return, Clear SOPs keep standards high. But when making decisions, we always have to consider implementation challenges too, like limited staff or equipment and getting everyone on board, so we can make sure our strategies actually work in practice."

Table 12. Value and Average Weight of Criteria

Criteria	Value	Result	Weight
Profit Potential	88	Very Important	0.3321
Costs	72	Important	0.2717
Customer Retention Potential	38	Less Important	0.1434
Implementation Challenges	67	Important	0.2528
Total	265		1

Table 13. Result of Alternatives Assessment

Strategic Alternatives	Profit Potential	Costs Potential	Customer Retention Potential	Implementation Challenges
Revenue Diversification & Cost Control	Very High	High	High	Medium
Maximizing Partnership	High	High	low	Low
Digitally enhanced customer retention & Social media-driven upsell	High	Medium	Very high	Medium
Financial Buffer and Contractual Safeguard	High	Medium	Medium	Medium
Streamlined peak-hour operations	Medium	Medium	High	Very low

Table 14. Aggregate Score for each Alternatives

	Profit Potential	Costs Potential	Customer Retention Potential	Implementation Challenges	Aggregate Score
Weight	0.3321	0.2717	0.1434	0.2528	1
Revenue Diversification & Cost Control	0.3321(100)	+ 0.2717(25)	+ 0.1434(75)	+ 0.2528(50)	= 63.3975
Maximizing Partnership	0.3321(75)	+ 0.2717(25)	+ 0.1434(25)	+ 0.2528(75)	= 54.2450
Digitally enhanced customer retention & Social media-driven upsell	0.3321(75)	+ 0.2717(50)	+ 0.1434(100)	+ 0.2528(50)	= 53.5850
Financial Buffer and Contractual Safeguard	0.3321(75)	+ 0.2717(50)	+ 0.1434(50)	+ 0.2528(50)	= 58.3025
Streamlined peak-hour operations	0.3321(50)	+ 0.2717(50)	+ 0.1434(75)	+ 0.2528(100)	= 59.9050
Total	116.2350	54.3400	43.0200	75.8400	289.4350

Table 15. Sensitivity Analysis Result from each Scenario

	Profit Potential (0)	Costs Potential (0)	Customer Retention Potential (0)	Implementation Challenges (0)
Revenue Diversification & Cost Control	45.1977	77.7202	61.4537	67.9293
Maximizing Partnership	43.9266	65.1554	59.1410	47.2222
Digitally enhanced customer retention & Social media-driven upsell	55.3672	54.9223	50.0000	54.7980
Financial buffer and Contractual Safeguard	50.0000	61.3990	59.6916	61.1111
Streamlined peak-hour operations	64.8305	63.6010	57.3789	54.7980
Total Aggregate Score	259.3220	322.7979	287.6652	285.8586