

## **Blue Ocean Strategy Analysis at Foxtail KTV & Lounge Jakarta in the Nightlife Tourism Industry**

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### **Abstract**

Competition in the night tourism industry in Jakarta, especially in the PIK 2 area, is becoming increasingly intense due to the presence of many similar destinations. Foxtail KTV & Lounge, one of the night tourist destinations in the region, has experienced a significant decrease in the number of visitors and revenue because it lacks uniqueness to distinguish it from its competitors. This research aims to analyze the competitive conditions faced by Foxtail KTV & Lounge and to formulate a differentiation strategy using the Blue Ocean Strategy (BOS) approach to escape fierce competition and create value innovation. The study employs a qualitative case study method, collecting primary data through in-depth interviews with operational managers, marketing managers, consumers, and non-consumers. This research was conducted to analyze the competitive conditions faced by Foxtail KTV & Lounge and to formulate a differentiation strategy based on the Blue Ocean Strategy approach, enabling it to break free from intense competition and create value innovation. The conclusion of this research is that, by applying the Blue Ocean Strategy, Foxtail KTV & Lounge can formulate a strategy to move out of fierce competition. Therefore, it is recommended that Foxtail KTV & Lounge implement this strategy immediately. For further research, it is suggested to explore the execution principles of the Blue Ocean Strategy after the formulated strategy has been implemented by Foxtail KTV & Lounge.

**Keywords:** Blue Ocean Strategy; Nightlife Tourism; Value Innovation; KTV & Lounge; Jakarta

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### **INTRODUCTION**

Tourism is one of the sectors that contributes to encouraging the development of a region (Ardiansyah and Iskandar, 2022). According to the World Tourism Organization (UNWTO) in 2019 on page 2019a, the tourism industry is one of the largest economic sectors in the world that has contributed significantly to the world's Gross Domestic Product (GDP) and can also create jobs. This proves that the development of the tourism industry has yielded excellent results, making the tourism industry an industry experiencing rapid growth (Murdana et al., 2023).

Pitana (2005:56) stated that the development of the tourism industry is one of the efforts to improve an area considered to need enhancement, both through the maintenance of existing destinations and by creating new ones (Sari and Fretes, 2021). The development and improvement of the tourism industry play an important role in creating superior destinations, both on a local, regional, and national scale (Waruwu and Dewantara, 2024). Therefore, the development and enhancement of the tourism industry have encouraged various countries, including Indonesia, to eventually make the tourism industry one of the government's main focuses (Elistia, 2020).

Tourism in Indonesia is regulated by the Law of the Republic of Indonesia Number 10 of 2009 concerning tourism. The law explains that tourism is a series of activities related to tourism travel and arises from individual needs and interactions between tourists and local communities, fellow tourists, the government, or management parties. One indicator of a successfully developed tourist destination is an increase in the number of tourist visits. Increasing the number of visitors is important for various tourism businesses because it can be the main source of income (Gunadi et al., 2022). Therefore, maintaining the consistency of

tourist visits is key to sustainability and determining the success of a tourist destination (Veriyani et al., 2023).

Data on foreign tourist visits to Indonesia over the past five years shows a significant trend: visits decreased sharply from 151,163 in 2020 to 9,952 in 2021 due to the Covid-19 pandemic, then rose again to 217,614 in 2022 and reached 566,888 by 2024. This growth reflects a strong recovery in the tourism sector, aligning with the World Travel and Tourism Council's statement that Indonesia is one of the fastest-growing countries in the tourism industry. Indonesia has diversity and uniqueness that finally makes Indonesia have many interesting tourist destinations to visit (Soeprapto and Yohana, 2021). Indonesia's diversity and uniqueness, including its increasing number of islands, create many attractive tourist destinations such as natural tourism, ecotourism, and nightlife tourism. Indonesia ranks fourth as a country famous for its nightlife, indicating growing interest in nighttime entertainment and opportunities for new destination development. With rising popularity, more innovations are expected to attract both domestic and international visitors.

Nightlife tourism involves tourist activities at night in various venues offering nightlife facilities. Tourists' activities often reflect lifestyles related to freedom, hedonism, and modernity. Nightlife tourism manifests through facilities such as bars, pubs, discos, karaoke places (KTV), massage centers, lounges, cafes, and nightclubs (Anggraini et al., 2022). Jakarta is one Indonesian city known for its vibrant nightlife tourism.

Among Indonesian cities, Jakarta reflects a diversity that transcends boundaries between local and foreign tourists (Rosanah, 2020). As Jakarta is often the entry point for foreign tourists, it presents great opportunities for the city's tourism sector development (Nugraha and Rosa, 2022). Additionally, Jakarta serves as Indonesia's economic, social, political, and cultural center, triggering tourism development within the city.

In 2024, night tourism, especially KTV and Lounge businesses, will rapidly develop in Jakarta. The Tourism Business Certification Board notes many new companies in this sector, drawn by its profit potential. Data shows that the Pantai Indah Kapuk (PIK) area is a favorite location for both local and foreign tourists, with many KTVs and Lounges providing various entertainment facilities. The number of operating KTVs and Lounges enhances the area's attractiveness as a night tourism destination.

Pantai Indah Kapuk ranks second as the most visited tourist destination in Jakarta, attracting nearly one million visitors daily. This reflects not only tourist attraction but also a variety of offerings making it a top choice. With two sub-areas, PIK 1 and PIK 2, many KTVs and Lounges, including Foxtail KTV & Lounge, operate in PIK 2, making it a bustling nightlife hub.

However, despite its strategic location and modern facilities, Foxtail KTV & Lounge faces challenges in maintaining visitor numbers and revenue. Data shows a significant visitor decline by the end of 2024, directly affecting revenue. In stiff competition, especially from other nearby KTVs and Lounges, Foxtail KTV & Lounge needs to formulate a new strategy to attract visitors and increase competitiveness.

Based on data showing visitor and revenue decline and the number of companies in the KTV & Lounge category in Pantai Indah Kapuk 2 (PIK 2), it is evident that fierce competition among nightlife tourism destinations affects Foxtail KTV & Lounge. To attract more tourists and increase revenue, Foxtail KTV & Lounge must offer something new compared to

competitors. Thus, a strategy focused on creating new innovations is necessary to break out of this competition.

According to Kim & Mauborgne (2014), a strategy that companies can use to innovate and escape stiff competition is the Blue Ocean Strategy (Razak, 2023). Blue Ocean Strategy (BOS) focuses on creating new, innovative markets that competitors have yet to meet, enabling business growth without being trapped in direct competition by reconstructing industry elements.

Bekmurodova's (2022) research in the journal *Blue Ocean Strategy: Economic Importance of Applying in Tourism* published in the *International Journal of Multicultural and Multireligious Understanding* concluded that Blue Ocean Strategy allows companies to create uncontested market space through value innovation, making competition irrelevant. This strategy has been effective in tourism, such as in Dubai, where it attracted tourists through unique and innovative tourist destinations.

The success of Blue Ocean Strategy in companies is also evidenced by research by Harianto et al. (2022) in the journal *Innovating PV Water Pump Business For Renewable Energy Industry In Indonesia Using Blue Ocean Strategy* published in the *International Journal of Economics, Business and Accounting Research (IJEBAR)*. Blue Ocean Strategy helps companies create competitive advantages using analytical tools such as strategy canvas, four-step framework, and HKTC scheme, allowing companies to form unique values different from competitors and meet target market needs.

Based on these studies, it can be concluded that companies employing the Blue Ocean Strategy can escape stiff competition, making it relevant for Foxtail KTV & Lounge, which faces similar competition. This strategy can help Foxtail KTV & Lounge develop into a nightlife tourism venue offering added value for visitors, making it more attractive than others. Additionally, it allows the creation of unique visitor experiences to attract larger markets.

Considering the potential for Foxtail KTV & Lounge to outpace competitors in Pantai Indah Kapuk 2 (PIK 2), this study aims to formulate a new strategy through the Blue Ocean Strategy approach to create advantages over other nightlife tourism destinations. This research also addresses a gap where studies on Blue Ocean Strategy in nightlife tourism are scarce.

Based on this background, the author proposes research titled "Analysis of Blue Ocean Strategy on Foxtail KTV & Lounge Jakarta in the Nightlife Tourism Industry." This research aims to contribute to Indonesia's tourism sector development and provide strategic advice to Foxtail KTV & Lounge management for innovative growth. The author also hopes this research serves as a reference for the government and business actors in formulating effective strategies for developing tourist destinations.

Foxtail KTV & Lounge faces fierce competition leading to decreased revenue and visitors. To address these challenges, Foxtail KTV & Lounge needs to develop a new strategy using the Blue Ocean Strategy to attract tourists and exit intense competition. This research focuses on analyzing the Blue Ocean Strategy at Foxtail KTV & Lounge Jakarta in the nightlife tourism industry, with several scope limitations: first, it is conducted only at Foxtail KTV & Lounge located on Golf Island, Rukan Beach Theme Park, Jakarta, comparing with other KTV & Lounges to understand competition; second, it formulates strategy using Blue Ocean Strategy principles without covering implementation; third, it focuses on strategy formulation using Blue Ocean Strategy tools such as Strategy Canvas and ERRC Grid.

Problem formulations include competitive conditions facing Foxtail KTV & Lounge, how Blue Ocean Strategy formulation can innovate the venue, and factors to eliminate, reduce, improve, and create to attract tourists. The study aims to analyze competition conditions, formulate innovative strategies based on Blue Ocean Strategy, and identify necessary actions to create new value.

This research is expected to have academic and practical benefits, become a thesis reference, and provide information and inspiration for those interested in nightlife tourism and Blue Ocean Strategy. It also seeks to aid tourism development in Indonesia's nightlife industry and offer input for Foxtail KTV & Lounge management to create added value, attracting more tourists and avoiding unfair competition.

## **METHOD**

This research used a qualitative case study approach to understand the actual conditions faced by Foxtail KTV & Lounge in the competitive nightlife tourism sector. Primary data were collected through in-depth interviews with operational and marketing managers, as well as with consumers and non-consumers. Additional data collection methods included questionnaires and structured non-participant observations. The questionnaire employed a Likert scale to measure competitive factors, while observations provided an overview of the situation and conditions in the field. Secondary data were obtained from literature related to the *Blue Ocean Strategy*. The study population comprised all visitors to Foxtail KTV & Lounge, with a purposive sample of 30 respondents. Demographic details such as gender, age, domicile, occupation, income, and visit frequency were recorded to understand visitor characteristics and factors influencing their decisions.

## **RESULT AND DISCUSSION**

### **Data Analysis and Interpretation**

#### **A. Principle 1: Reconstructing Market Boundaries**

In the first principle, which is to reconstruct market limitations in formulating a new strategy using the Blue Ocean Strategy, there is a framework that companies can use to analyze. The framework is a six-path framework or it can also be called a six paths framework. The following are the first step of principle analysis with the six paths framework:

##### **1. Look Across Alternative Industries**

This first path in the six-step framework takes the company to look outside of the nightlife tourism industry. The alternative industry in question is an industry that offers different products and services, but has the same purpose. This needs to be considered because consumers may switch to these alternative industries if they are bored with the services and atmosphere provided by the KTV & Lounge industry. Based on the interview conducted with the Operations Manager of Foxtail KTV & Lounge, it can be concluded that Foxtail KTV & Lounge has seen ideas that can be adapted from other industries. Based on interviews, it is known that the alternative industry that the manager of Foxtail KTV & Lounge is concerned about is an industry that offers services that can make visitors feel entertained and have a different experience. In this case, Operations Manager of Foxtail KTV & Lounge said that entertainment such as live music that can be found in cafes can be considered. In addition, Marketing Manager of Foxtail KTV & Lounge also provided perspective by looking at other

industries such as restaurants. One of the restaurants whose strategy is considered attractive to them is the strategy of one of the restaurants that can attract communities such as fans of an artist by offering more services, namely pick-up after the artist's concert. If adapted to Foxtail KTV & Lounge, this strategy can make Foxtail KTV & Lounge have new values that will later become advantages and create a difference from its competitors. This is also in line with research conducted with Djorghi et al. (2022) which also looked at other alternative industries to create new innovations.

## 2. Look Across Strategic Groups within Industries

The strategic group intended in this study is a group or company in an industry that has the same strategy. In this case, Foxtail KTV & Lounge shows that there is a difference between other strategic groups in the nightlife tourism industry. Based on an interview conducted with the management, it is said that Foxtail KTV & Lounge targets the middle market but still provides premium and exclusive facilities and atmosphere. This certainly shows the difference where usually companies in nightlife tourism combine a premium experience by providing a high price. By combining these factors, of course, Foxtail KTV & Lounge can open up opportunities and attract consumers who previously focused on high-priced services or consumers who are looking for economical prices. With this, Foxtail KTV & Lounge can make changes to consumer preferences from other strategic groups towards the offerings provided by Foxtail KTV & Lounge.

## 3. Look Across the Chain of Buyers

The buyer chain is the consumer who is currently the main decision-maker for visiting Foxtail KTV & Lounge. From the interviews conducted, it is said that Foxtail KTV & Lounge is currently still focusing on individuals and also unofficial groups which means that Foxtail KTV & Lounge has not taken advantage of the opportunities that exist to reach consumers who are outside the buyer chain such as communities, companies, foreign visitors, or even event organizers who can actually be a source of additional income and expand the market of Foxtail KTV & Lounge. By paying attention to consumers from outside the buyer's chain, Foxtail KTV & Lounge can not only explore strategies such as collaborating with event organizers, music communities, and companies but also create new value that has never been offered by other competitors in the nightlife tourism sector. This is in line with research from Berliandaldo and Muhadli (2022) who also collaborated to create a new market.

## 4. Look Across Complementary Product and Service Offerings

Based on the data obtained from the interview results, it can be concluded that currently Foxtail KTV & Lounge has paid attention to existing customer needs other than the main products or services. Activities such as meals and after visits as well as the need for transportation can be a complementary service or product that will add to the visitor experience. Such statements have taken into account the cooperation established with transportation services such as taxis has made Foxtail KTV & Lounge aware of the opportunity to create added value. By expanding and paying attention to the need for additional services and products, Foxtail KTV & Lounge can design strategies that create value innovation and strengthen Foxtail KTV & Lounge's position in the competitive nightlife tourism industry. This is in line with research from Murti et al. (2022) which suggests innovations in distribution and collaboration to reach new markets.

## 5. Look Across Functional or Emotional Appeal to Buyers

Based on the statements made by Operations Manager and Marketing Manager, it can be concluded that currently Foxtail KTV & Lounge is in a balanced position in terms of functionality and emotional. Nevertheless, Foxtail KTV & Lounge still prioritizes functional aspects in its services and promotions. Therefore, Foxtail KTV & Lounge can create a strategy that also prioritizes its emotional aspects, especially in the promotions carried out. By balancing emotional and functional appeal, Foxtail KTV & Lounge has the potential to create a unique and sustainable value as it manages to differentiate itself significantly from competitors who generally focus on only one aspect. This is in line with the research of Guo and Liu (2022) who emphasized the importance of aligning the emotional and functional sides to create value innovation.

## 6. Look Across Time

Based on the interviews that have been conducted, it is known that there are several trends that are developing and likely to develop which will certainly bring a change in tastes to visitors. Currently, although not at its maximum, Foxtail KTV & Lounge itself has shown adaptation to trends by following music-related trends to stay relevant. From the interview, it is also known that according to the manager of Foxtail KTV & Lounge, visitors to nightlife tourism are currently looking for new experiences. In the future, the prediction of trends that will develop according to the manager of Foxtail KTV & Lounge is a trend that attracts a certain community such as sports and fans or it could be a trend that offers other products such as heavy food as an addition to the menu. By adding trends such as heavy food to the menu and holding events such as themed karaoke nights and concert after-parties that are expected to grow in the future, Foxtail KTV & Lounge can look beyond the trends of the times to stay ahead of the trend or even create a new standard in the sustainable nightlife tourism sector.

### **B. Principle 2: Focus on the Big Picture, Not the Numbers**

The strategy canvas is a tool used to find out the position of Foxtail KTV & Lounge in the ongoing competition. For this reason, to create a strategy canvas, there are several main things that need to be known such as who are the biggest competitors of Foxtail KTV & Lounge in the nightlife tourism sector and the competition factors that are happening today. To obtain the necessary data, the author has conducted interviews with the management and consumers of Foxtail KTV & Lounge.

Based on the results of interviews the competitor was chosen because the company is located in the Pantai Indah Kapuk 2 (PIK 2) area which is also included in the nightlife tourism sector in the KTV & Lounge category. The competitor has also been standing longer compared to Foxtail KTV & Lounge. In addition, competitors also have a larger area so that they can accommodate more visitors. With this position, this company is considered a relevant direct competitor to be a benchmark in strategy canvas analysis.

In addition to the biggest competitors, the author also needs to know the competitive factors in the current nightlife tourism industry. Based on the results of interviews that have been conducted with the management and consumers of Foxtail KTV & Lounge, the competitive factors of the nightlife tourism industry are currently as follows:

X1 = Price and Promo

X2 = Environment and Atmosphere

X3 = Facilities and Convenience

X4 = Service and Safety

X5 = Song Collection and Music Quality

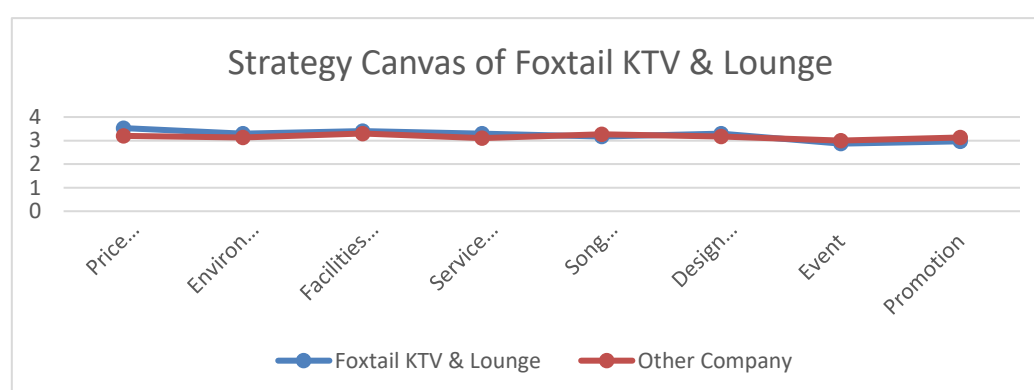
X6 = Design and Layout

X7 = Event

X8 = Promotion

After obtaining data from the distributed questionnaire and conducting validity and reliability tests, the author summarized the assessment of 30 consumers on the competitive factors of the nightlife tourism industry and the author took the average value of each factor so that it can be used to describe the strategy canvas to determine the position of Foxtail KTV & Lounge compared to its competitors. The following is a chart of Foxtail KTV & Lounge's strategy with its competitor.

**Figure 1. Initial Strategy Canvas**



Source: Author's data processing, 2025

Based on the chart above, it is known that in the price competition factor, Foxtail KTV & Lounge received an average rating of 3.53 which is higher than its competitors who only obtained an average of 3.20. This shows that for visitors, the prices given by Foxtail KTV & Lounge to karaoke rooms and food and beverage products offered have prices that can be competitive and even comparable to the experience that visitors get. The advantage in this price factor provides a differential value that is certainly important in competition in the nightlife tourism industry. The strategy can strengthen Foxtail KTV & Lounge to reach a wider market segment. Foxtail KTV & Lounge can make the basic price factor to develop a stronger strategy.

In addition to the price competition factor, the advantage of Foxtail KTV & Lounge is also found in the atmosphere factor. On the chart of the strategy canvas, it can be seen that Foxtail KTV & Lounge received an average rating of 3.30 which is also slightly higher compared to competitors who only received an average rating of 3.13. Despite having a not too far divergence, the atmosphere created by Foxtail KTV & Lounge has a fairly positive value by visitors and has built an atmosphere that is in line with market expectations although it still needs to be improved.

In terms of facility competition, Foxtail KTV & Lounge received an average score of 3.40 which is higher than its competitors who received an average score of 3.30. The high average assessment of this factor is reinforced by the testimonials of consumers and management who stated that the facilities provided are premium and sophisticated, yet still affordable. However, the atmosphere factor is not enough to make a far divergence compared

to competitors. To reinforce divergences and create better value innovations, Foxtail KTV & Lounge needs to consider developing facilities that are not only functional but can create memorable new experiences.

Foxtail KTV & Lounge's service and safety factors managed to obtain a high average rating with a score of 3.30 compared to competitors who only received a score of 3.10. Even though it has a small difference, the service and security of Foxtail KTV & Lounge can still be considered better compared to its competitors. This is also reinforced by the data from the author's interviews with consumers where impressions such as "comfortable" and "friendly staff" are often mentioned in interviews which means that Foxtail has succeeded in creating a comprehensive experience that is not only in terms of products but also a sense of security and comfort in interacting between staff and visitors.

The song collection factor and music quality were the first competition factors of Foxtail KTV & Lounge which had an average score below the competitors with a score of 3.17 while the competitors obtained 3.27. Although the average value generated is not too far, it is still below the competitors which means it must be improved. The management said that they are always updated about the music and songs on Foxtail KTV & Lounge, but consumers point out that there are gaps so that this factor is a weakness for Foxtail KTV & Lounge which must be evaluated immediately so as not to interfere with the overall visitor experience and maintain the alignment of other values that are already superior.

In terms of design and layout, Foxtail KTV & Lounge also managed to win the hearts of visitors with an average rating of 3.30 compared to its competitors who got an average score of 3.17. The advantages in design and layout can be seen from the statements of visitors who feel that the room at Foxtail KTV & Lounge feels spacious, exclusive, and does not leak sound. This is certainly an added value that is not discussed much. Although the divergence created is not too much, it is still considered sufficient because it still makes an important contribution to the creation of uniqueness.

The lack of event organization at Foxtail KTV & Lounge makes the event competition factor at Foxtail KTV & Lounge get a low score, with an average score of 2.87 compared to competitors who get a score of 3.00. This low value indicates the lack of variety of the experience that Foxtail KTV & Lounge provides to visitors. This must certainly be a factor that is greatly improved by Foxtail KTV & Lounge because in the nightlife tourism industry, events are an important factor, especially to create visitor loyalty. Therefore, an increase in this factor is essential to balance competitiveness.

The last competitive factor, namely the promotional competition factor, is also a factor in Foxtail KTV & Lounge which needs to be improved because it gets a value that is far below the competitors. The average score obtained by Foxtail KTV & Lounge in this competition factor is 2.97 while the competitors get 3.13. Based on the statements from the interviewed consumers, it can be concluded that the promotional competition factor is the competition factor with the most visible weaknesses. The promotion carried out by Foxtail KTV & Lounge is said to be not strong which if not handled properly, can make consumers move to more active competitors. This is because with promotions, Foxtail KTV & Lounge can attract potential consumers by showing the facilities owned, the atmosphere overview, and even other advantages of Foxtail KTV & Lounge.



### **C. Principle 3 : Reaching Beyond Existing Demand**

In this third principle, companies are required to look at the demands that exist outside of consumers. In the Blue Ocean Strategy itself, there are 3 levels that must be explored so that the company can see and reach beyond the existing demand, namely the first level which is a consumer who is still in the industry but has not found a reason to return and can leave at any time, the second level which is an individual who refuses to use the services or products offered by the company, and the third level which is an individual who is not even aware of the presence of the company. By looking at the perspective and reasons why these three levels of non-consumers do not visit Foxtail KTV & Lounge, the company can see what things need to be improved and created so that it can attract non-consumers to come and expand the market.

#### **a. First-level non-customers**

Based on an interview conducted with first-level non-consumer, it is known that this non-consumer group can still be reached if Foxtail KTV & Lounge is able to improve several factors, especially in promotions, programs that can increase visitor loyalty, and organize innovative events. Adjustments to the image of the high-end also need to be considered by the management in order to meet the needs of consumers who want a relaxed but still exclusive atmosphere. With that, it can be concluded that currently Foxtail KTV & Lounge has the opportunity to take advantage of these factors to attract market segments that have not been able to be reached to the maximum by creating new value that has not been offered by competitors.

Designing something that can be created from the perspective of the first level of non-consumer groups can start from strengthening communication with visitors and potential visitors through promotions carried out on their social media. Promotions will certainly be a strong basis in the first level of non-consumer attraction strategy because with promotions, Foxtail KTV & Lounge can provide information about membership programs, events and collaborations held at Foxtail KTV & Lounge. In addition, Foxtail KTV & Lounge can also promote its rooms, lounges, and other facilities by creating attractive content and focusing on creating a high-end image while still being comfortable to just relax. In addition, Foxtail KTV & Lounge can also start to increase the frequency to hold interesting events as suggested by collaborating with other famous DJs and providing other promos. By implementing these strategies, Foxtail KTV & Lounge can not only reduce the risk of losing visitors who are still in nightlife tourism, but will certainly strengthen its position in the midst of competitive competition.

#### **b. Non-consumer second level (refusing)**

Based on interviews conducted with second-level non-consumers, it was concluded that they had an interest in the services and products provided but specifically refused to come to Foxtail KTV & Lounge for certain reasons. Foxtail KTV & Lounge itself is seen as having expensive and high-class branding that raises doubts about visiting. However, this group of second-level non-consumers still has the potential to become visitors and only needs to be convinced to visit. For this reason, one of the strategies that can be implemented by Foxtail KTV & Lounge is to create a promotional program specifically aimed at new visitors by providing discounts or savings packages for visitors who are visiting Foxtail KTV & Lounge for the first time. By implementing this strategy, of course, it can make potential visitors who were initially hesitant to try to come to Foxtail KTV & Lounge.

## c. Third-level non-consumer (unexplored)

Based on interviews conducted with third-level non-consumers, it was concluded that a place like Foxtail KTV & Lounge does not suit his lifestyle and preferences. Despite having heard of the existence of Foxtail KTV & Lounge, Timotius has no interest in coming and stated that he only comes under certain conditions such as birthday events. Timotius even stated that he does not see himself as a regular visitor who will always visit nightlife tourism such as Foxtail KTV & Lounge. However, from the statement given, it is known that there are points that can be used by Foxtail KTV & Lounge and can be adapted in the formulation of strategy. Therefore, Foxtail KTV & Lounge can consider strategies such as providing packages such as birthday packages or by developing broader services such as live music so as to encourage visitors to invite level 3 non-consumer groups and attract groups that initially refused due to the perception of nightlife tourism that seems to have its own segment.

**D. Eliminate – Reduce – Raise – Create Grid**

After putting all the factors into the appropriate category, the next thing that is needed is to describe these factors using the Eliminate – Reduce – Raise – Create Grid (ERRC Grid). The following are the results of the ERRC Grid from Foxtail KTV & Lounge:

**Table 1. ERRC Grid**

ELIMINATE	RAISE
There are no factors that need to be eliminated	1. Promotion and <i>branding</i> 2. Increase the variety of <i>events</i>
REDUCE	CREATE
1. Frequency and variety of game services	1. Promos and <i>packages</i> . 2. Song <i>request feature</i> 3. Mengadakan <i>after-party</i> 4. Seasonal menus and promos 5. Collaboration with other services

Source : Author's data processing results, 2025

Here is a brief analysis of each factor:

- a. Factors that are eliminated: The manager's statement shows that all existing services, products, and promotions are still considered relevant and contributing, so there are no factors that need to be eliminated.
- b. Reduced factor: Gaming services do not provide significant improvements and maintaining them can render the energy and costs incurred useless. By reducing the frequency and variety of these services and focusing on the main game, Foxtail KTV & Lounge can provide a budget and focus on other factors that have a greater impact such as promotions and event hosting.
- c. Raised factors: Based on the data, there are several factors that need to be improved by Foxtail KTV & Lounge, namely:
  - 1) Promotion and branding: This factor needs to be improved because the data on the initial strategy canvas shows that the promotions of Foxtail KTV & Lounge get an average score below the competitors. Based on interviews, it is known that currently Foxtail KTV & Lounge is only actively promoting on Instagram. Therefore, in order to reach more potential visitors, Foxtail KTV & Lounge needs to promote on other social media. Moreover, from interviews with several informants, it can be concluded that although Foxtail KTV & Lounge offers competitive prices, the branding done on

- Foxtail KTV & Lounge shows the opposite so many see Foxtail KTV & Lounge as a high-class place by offering high prices. With this, managers can promote Foxtail KTV & Lounge on other social media and create content with branding that is not too high-class and acceptable to potential visitors from various segments.
- 2) Increasing the variety of events: Events are one of the factors that all companies need to pay attention to in nightlife tourism. However, many consumers say that Foxtail KTV & Lounge rarely hosts events. The event factor of Foxtail KTV & Lounge also gets an average score that is far below the competitors. Therefore, managers need to develop interesting events so that they can increase visitor interest. Currently, the management has compiled several ideas related to events that can be held at Foxtail KTV & Lounge such as valentine and Chinese new year events.
- d. Factors created: The factors created are the factors that will make Foxtail KTV & Lounge form Blue Ocean. By creating promos for first-time visitors to Foxtail KTV & Lounge and creating birthday package offers, holding after-parties, creating seasonal menus and promotions, and collaborating with other services, we can reach previously untouched market segments and create value innovations for visitors.
- 1) Promos for first-timers and package offers: Based on interviews conducted by non-consumers, it is said that they see Foxtail KTV & Lounge as a high-class place so many do not come because they are afraid of not being in accordance with the budget or feeling afraid that the atmosphere provided is not in accordance with the price spend. So, it can be concluded that there is a discrepancy between the image and the actual condition of Foxtail KTV & Lounge. To avoid these problems in the future and reach a wider market segment, Foxtail KTV & Lounge can provide a first-timer promo where this promo is valid for prospective visitors who come to Foxtail KTV & Lounge for the first time so that they can feel the atmosphere and are not afraid to come to Foxtail KTV & Lounge. In addition, creating new packages can make many non-consumers, especially level 3 non-consumers, come in. The creation of this birthday package is in line with research from Putro et al. (2023) which also creates discounts for travelers who are having a birthday
  - 2) Song request feature: On the initial strategy canvas, the song collection factor and music quality are also factors that get an average score below the competitors. In addition, based on interviews conducted, there were several informants who said that the collection of songs at Foxtail KTV & Lounge was incomplete. Based on the statements given, it can be concluded that the research on music trends that has been done by Foxtail KTV & Lounge is not effective. Therefore, to increase visitor satisfaction and add to the collection of songs that were previously incomplete, Foxtail KTV & Lounge can present a feature where visitors can make requests about songs that were not previously available on Foxtail KTV & Lounge. Through this feature, managers can find out the music preferences of visitors who come directly and add those songs to the system.
  - 3) Holding after-parties: Based on interviews conducted by managers, the trend that is expected to grow is events held in collaboration with a community. For this reason, seeing the many concerts held in Jakarta, Foxtail KTV & Lounge can make it an opportunity to attract potential visitors from the community, namely by holding an

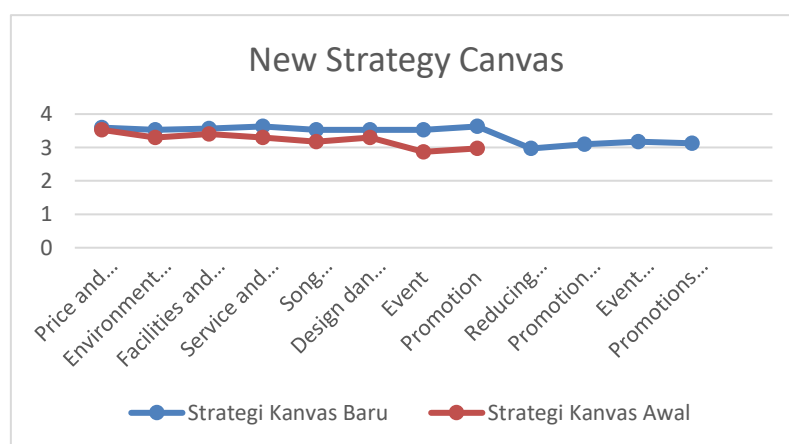
after-party. This after-party can be adjusted to the artist who is holding a concert, so that it can create an additional experience for fans after watching the concert. Collaboration with specific communities can also help Foxtail KTV & Lounge be known more widely and can attract a large number of people without having to spend a lot of money on promotion.

- 4) Seasonal menus and promos: Based on the statements given by the informant, it can be concluded that there is an opportunity to create an attraction through the variety of products sold. By presenting seasonal menus and promos, it can make visitors come back because of new things offered regularly. It can also be a strategy as well as an emotional and functional reason for consumers to choose to visit Foxtail KTV & Lounge compared to other places.
- 5) Collaboration with other services: Based on interviews conducted, it is known that visitors who come to Foxtail KTV & Lounge actually need some additional services such as transportation or even accommodation. Therefore, to create a complete experience for visitors, collaboration with such support services can be one of the strategies implemented and make Foxtail KTV & Lounge different from its competitors.

### E. New Strategy Canvas

Once you know all the factors that need to be eliminated, reduced, raised, and created, the next step is to create a new canvas strategy and compare those new strategies to the original canvas strategy. This is used so that Foxtail KTV & Lounge can see the extent of the divergence created by these new strategies. In addition, with the new canvas strategy, Foxtail KTV & Lounge can focus its strategy on improving important factors, reducing factors that do not provide added value, and creating new values. Here's a new canvas strategy with a comparison of the initial canvas strategy.

**Table 2. New Strategy Canvas**



Source : Author's data processing results, 2025

Based on the new canvas strategy above, there is a comparison between the initial canvas strategy which is the real condition of the factors in the nightlife tourism industry at the current Foxtail KTV & Lounge and the new canvas strategy which is results from visitors' assessments of these factors if new strategies are implemented. These strategies are considered to provide

value innovation for Foxtail KTV & Lounge because they show a significant improvement in most of the factors which is in line with the Blue Ocean Strategy approach which requires more value creation in formulating new strategies (MAUBORGNE and KIM, 2015).

According to (MAUBORGNE and KIM, 2015), there are several characteristics of a good strategy, namely determining focus, creating divergence, and having an attractive slogan.

- 1) Focus: In the new canvas strategy, Foxtail KTV & Lounge shows a focus by increasing value on several key factors that can create attraction for visitors such as atmosphere, promotion, and event variety. Meanwhile, factors that are considered less valuable such as gaming services can be reduced. With that, it can be concluded that Foxtail KTV & Lounge has a focus as it does not strive to compete on all factors as well as choose a specific area to improve.
- 2) Divergence: In new canvas strategies, it is known that implementing new strategies can create significant divergences compared to previous ones. By implementing these new strategies, Foxtail KTV & Lounge's position becomes superior because it is different from its competitors' strategies that tend to use the same strategies so that there is a clear divergence.
- 3) Interesting tagline: The new strategy created by Foxtail KTV & Lounge must certainly be summarized into an attractive tagline that can get the attention of visitors. Currently, Foxtail KTV & Lounge has the motto "STEP INTO A WORLD WITH FOXTAIL." The tagline of Foxtail KTV & Lounge is considered to be usable because it can build curiosity and give the impression that Foxtail KTV & Lounge offers something different but does not specifically mention it. The tagline of Foxtail KTV & Lounge is also short and of course easy to remember by visitors. Although it is not yet actively used, Foxtail KTV & Lounge can start using it for branding and promotion on social media.

#### **F. Principle 4: Conducting the Right Strategic Network**

Based on the interview conducted with the management, it is known that the new strategies that have been formulated are feasible to be implemented and can bring Foxtail KTV & Lounge to Blue Ocean. This is because these strategies have more value for visitors, can still be offered at competitive prices, the costs incurred are also in accordance with the standards of Foxtail KTV & Lounge, and can be adopted well for managers and visitors. The following is an elaboration of the analysis of each stage on this fourth principle:

- 1) Utility: Based on the interviews conducted, the management agreed that strategies such as creating promos for first-timers, after-parties that attract contributions from a community, providing song request features, and creating attractive packages such as birthday packages can provide emotional and functional benefits for visitors. These new strategies can create a more personalized experience and increase the chances of returning visitors to Foxtail KTV & Lounge.
- 2) Price: Based on the interviews conducted with the management, it can be said that in their implementation, the new strategies will not significantly affect the price given and allow Foxtail KTV & Lounge to provide competitive prices. Adjustments to the new strategy with the price that will be given later can be done through bundling or the use of funds from reduced services.
- 3) Costs: Although it is not yet possible to confirm the costs that will be incurred when these strategies are implemented, based on an interview conducted with the management of

Foxtail KTV & Lounge, it is said that the new strategies created will not affect the costs incurred by Foxtail KTV & Lounge because they can be adjusted by reducing less relevant services and so on. Moreover, these strategies can be said to be long-term investments that will certainly provide benefits for Foxtail KTV & Lounge.

- 4) Adoption: According to MAUBORGNE and KIM (2015), in formulating a strategy, the last stage is to pay attention to the people affected such as internal parties, business partners, and even visitors. In this case, the manager of Foxtail KTV & Lounge assures that although it will take time to adapt at first, eventually the internal parties of Foxtail KTV & Lounge will get used to it and will need a short adjustment time. As for the external side such as visitors, adoption will be easier to do because all the strategies designed are the result of the opinions of the visitors themselves.

## **CONCLUSION**

Foxtail KTV & Lounge, currently facing intense competition and declining visitors and revenue since mid-2024, has not yet introduced innovations to distinguish itself from competitors, keeping it stuck in a red ocean. This study employed a qualitative case study approach, utilizing interviews, observations, questionnaires, and documentation to analyze the situation. The findings indicate that applying the Blue Ocean Strategy is relevant for formulating a new approach that creates innovative value and taps new market spaces. Key factors include maintaining service relevance, reducing inefficiencies in game services, enhancing promotions and branding, and creating novel experiences such as special promos, expanded song features, and partnerships with other services. Implementing this strategy can help Foxtail KTV & Lounge attract new market segments and strengthen its position as a nightlife destination. Future research could explore the implementation stage of the Blue Ocean Strategy to evaluate its effectiveness in practice and investigate customer responses to the introduced innovations over time.

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