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## CREATING SUSTAINABLE BUSINESS THROUGH CREATIVITY AND GOOD PRODUCT DESIGN: THE SUCCESS STORY OF MAHANAGARI

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### **ABSTRACT**

*Bandung, a city renowned for its mountainous ambience and colonial heritage, has currently become a hunting ground for visitors who pursue culinary and shopping adventures. This condition is due to the sprouting of numerous small- and middle-scale enterprises offering various types of products, mostly those who survived or emerged during the Indonesian monetary crisis in the late 1990s. Among this miscellany of commodities that Bandung can offer, what are the chances for a company to survive among its peers? What strategies should be implemented by such company in order to avoid being tedious and repetitive, compared to its rivals? This paper presents a case of an established company that answers those questions, Mahanagari. Mahanagari is one of the pioneers of merchandise companies that value creativity and imply creative processes in their product development strategy. It was established to enter a new business opportunity by using the characteristics of Bandung in the colonial era and its Sundanese influences and witty, contemporary themes that are uniquely 'Bandung', hence the name Mahanagari 'Bandung Pisan', or 'very much' Bandung. The corporate strategy of Mahanagari that goes beyond selling mere souvenirs and merchandise is also discussed in this paper. As a conclusion, this paper proves that prospective and sustainable business can be achieved through the application of good product design.*

**Keywords:** Bandung, Mahanagari, creative products, merchandise, city branding

### **BANDUNG: CITY OF LEISURE**

The city of Bandung, capital of the province West Java, is the third largest city in Indonesia. It was founded by the Dutch colonial government in 1810, and has been known as an important center for the textile and quinine industries. Situated at the 'bottom of a bowl', surrounded by volcanoes, Bandung is also known for its cool mountain air, hot water springs and forests, and has become a destination for leisure. Its relaxing yet enthralling atmosphere has attracted the Dutch colonial government to set up various institutions and establishments, from medical and technological institutes to business and commercial centers, many of which still exist in the present time. Remaining

buildings from the colonial period still retain their majestic aura that reminds people of Bandung's past as the 'Paris of Java'.

The reputation of Bandung as a destination for vacation also remains up to today. The flow of people entering Bandung for that purpose has led to the emergence of enterprises that support tourism activities, from guest houses and restaurants to shopping centers and traveling facilities. Existing enterprises in this sector should be able to preserve their business, considering the vast emergence of competitors and business peers. These enterprises have been forced to seek their uniqueness and to distinct themselves from the rest, in order to stand out among their peers. Among these enterprises is the textile or clothing shops, one of the oldest in Bandung, which counts as one of the main destinations for Bandung visitors.

## **JUST ANOTHER T-SHIRT COMPANY?**

A number of factories that produce garments for export markets that are located in or around Bandung, dispose of their 'rejected' products or clothing that does not meet the quality control requirements. These products are being sold at numerous 'factory outlets', which started as small home-shops in remote or secluded areas of Bandung in the early 1980s. Around the same time, small stores specializing in denim clothing opened along Cihampelas Street, which, at that time, was a residential area. The establishment of these factory outlets and clothing shops has attracted people who wanted to come and buy quality products for low prices and who enjoyed hunting for shops with the best product selections and bargains.

The popularity of Bandung as a cheap-yet-stylish clothing paradise has been taken advantage of by entrepreneurs. Within twenty years, the transformation of the clothing business in Bandung has become clearly visible. In last decade, the growth of factory outlets accelerated right after the Indonesian monetary crisis in 1998, and even more after the opening of Cipularang highway that connects Bandung and Jakarta. Factory outlets are no longer located in someone's garage in a housing complex somewhere at the outskirts of Bandung, but in huge buildings and shopping galleries in city centers, with various store themes. The residential area of Dago, the main part of Bandung where colonial-style villas were built, has turned into rows of boutiques and clothing shops. The residential area at Cihampelas Street meets the same fate; it has become a 'jeans street' with eye-catching decorations, and has turned into a commercial area with accommodations for buses and car parks, food stalls, hotels, and other tourist-servicing facilities.

However, none of the abundant Bandung-produced garments bore the identity of Bandung city itself. They either carried foreign brands and graphics, or themes from other cities in Indonesia. Even the legendary Bandung-based T-shirt producer, C-59, sported only designs about Bali and Asmat on their culture-themed products. Ben, a Sundanese who spent his childhood in Bandung, his teenage years in Jakarta, and resides in Bandung since 1994, saw a great opportunity to fill this void in the garment market with quality products that bear the characteristics of Bandung. He was moreover encouraged by his personal experience when he was about to go abroad in the late 1990s, when he could not find any fashionable merchandise from Bandung as presents for his host parents and friends. This circumstance confirmed his decision to establish his own T-shirt company, Mahanagari, in the beginning of 2002. Mahanagari was established to create products that proudly carry the cultural characteristics of Bandung. Therefore, it is not just another T-shirt company. The next section discusses how Mahanagari survives among its peers and has achieved its reputation to be the best producer of Bandung merchandise.

## **THE SURVIVAL OF MAHANAGARI**

Ben and his colleague Hanafi started Mahanagari not without doubts. They knew that the people of Bandung did not have the confidence to promote their city in fashionable T-shirts, and that domestic tourists might not be ready to appreciate products with local themes. Therefore they

initially aimed at expatriates and international tourists, by selling their first five designs in tourist-frequented areas such as Braga and Setiabudhi (see Fig. 1). This strategy worked well and their revenue increased steadily during the first months.



Figure 1. Display of Mahanagari products at Creasian CraftMart, a souvenir shop at Toko Setiabudhi, Bandung. (source: Mahanagari collection, 2002)

About six months after the first sale, Mahanagari revenue started to show stability and the two young men gained confidence. However, the bombing that happened in Bali in the following month (October 12th, 2002) has changed their fortune. International tourists exited not only from Bali but also from all of Indonesia, including Bandung, which has caused Mahanagari sales to drop up to 75%. The strategy to aim their merchandise at expatriates and international tourists was no longer valid, and Mahanagari had to compose another plan.

Ben and Hanafi monitored the sales situation closely during the first three months after the Bali tragedy. In the end they agreed that the situation was not conducive for business that was aimed at tourism. They decided to put Mahanagari aside until the next opportunity would come along and when conditions would improve.

It was at the end of 2004 when an acquaintance of Hanafi asked if he could buy 51% of Mahanagari's ownership. Ben and Hanafi accepted his offer and saw it as a favorable moment to re-establish Mahanagari. As a new strategy considering that the tourism industries in Indonesia were still in a limp, and that most of Bandung people remained in favor of 'Western-style' products compared to local ones Mahanagari was faced by two options for its re-establishment:

1. Inviting as many tourists as possible to visit Bandung
2. Encouraging Bandung citizens to appreciate their own culture

Since the first option mostly depended on government policy and the stability of national security, which are beyond the capacity of Mahanagari, they chose the second option: to make Bandung people proud of their Bandung-ness. In principal, the strategy was "Promotion of Bandung aimed at Bandung citizens, so in the long run they can recommend Mahanagari to visitors of Bandung city." Mahanagari has been using the same strategy up to today, which has brought them the reputation of the most successful producer of Bandung merchandise. The latest survey (January 2008) showed that most of Mahanagari regular consumers live in Bandung (about 60%), the rest reside in Jakarta (about 30%) or in other cities or countries (10%). This figure is different compared to i.e. *Joger* of Bali, for who the majority of its consumers come from Jakarta (up to 90%), while Bali citizens rarely purchase or wear their shirts.

## IMPLEMENTATION OF STRATEGY

The success of Mahanagari did not come automatically. It required a lot of hard work, especially in controlling the quality of their products. The main challenge has always been to create T-shirt



Figure 2. Mahanagari T-shirt package made of corrugated board, bearing Sundanese lettering (source: Mahanagari collection, 2002)

designs that are unique and witty, containing bits of information about Bandung without being too instructional, which educate buyers in a fun and informal way. The next challenge, which is not less crucial, was to find small enterprises that are capable of producing T-shirts with the desired quality. The selecting process was excruciating, for from the hundreds of T-shirt printing shops in Bandung, only few are willing to co-operate, competent and be disciplined in the trade. Based on experience, Mahanagari identified competent and reliable shops and developed an understanding of how to approach the workers, in order to fill their high-quality stock on time.

Beside T-shirts, Mahanagari also produces caps, mugs, magnets, bottle openers and pins. They also supply postcards, posters and books, all under the theme of Bandung heritage or local natural sites. But what attracts people to stop and browse their outlets is their custom-designed display system which is made of corrugated board, which delivers a warm and friendly atmosphere. Moreover, each purchase of T-shirt is packed in a specially-designed cardboard box, on which Sundanese text (in Sundanese lettering), translations and brief information about Bandung are printed (see Fig.2). The package is then fastened with a black rubber band that

goes around the box. These packages give an additional value to the products of Mahanagari, which also gradually shapes people's sensibility for well-designed products.

Mahanagari does not stop at selling products. It is consistent in its purpose to promote Bandung to its inhabitants. Among their first attempts was an exhibition in August 2007 that showed not only the T-shirts, but also profiles of people 'local geniuses of Bandung' who wear them. An angkot (public minibus) driver wearing a T-shirt with his own angkot's attributes posing in front of his vehicle (see Fig.3), a jeans-tailor at Cihampelas jeans street wearing a T-shirt with 'Djins Tjihampelas' print sitting on his working bench at Cihampelas, a security officer of Gedung Sate (governors' office) wearing a T-shirt with a Gedung Sate watercolor painting standing dutifully in front of the historical building, and so on.

Mahanagari also arranged several talk shows and discussion forums at elementary schools, high schools and universities, about Bandung history and nature, by acting as guest lecturers or inviting experts in those fields. They made a banner with the history of Bandung that can be borrowed without charge for cultural events, produced DVDs containing a film about Bandung in the colonial era to be distributed for free, and reproduced old photos so hotels in Bandung can make reprints and display them in their premises.

Co-operating with existing communities in Bandung, Mahanagari has been organizing trips that aim to introduce both the urban and natural aspects of Bandung to the participants. To mention some: Darkcrossers for cycling and rafting trips, Bandung Trails and Aleut UNPAD for historical resources, Jamuju for hiking, rafting and other ecological activities, OnEarth for light threading off road, etc. Publications of tour plans have been conducted via social networks on the Internet such as Multiply, Friendster and Facebook, which has proven to be effective in attracting participants mostly youths and parents with young children from Bandung as well as Jakarta.

Basically, Mahanagari applies the universal principle of 'Give to Get' marketing strategy, which advertises a company through activities, rather than media ads. Mahanagari owners believe that the more Mahanagari conveys Bandung's local values and cultures, the more confident Bandung inhabitants will be. The gained confidence will turn into loyalty towards Mahanagari. The chain keeps looping when this condition enables Mahanagari to conduct more activities in campaigning local values, and so on. It is a loop that benefits all stakeholders.

Up to today, Mahanagari is still actively campaigning Bandung through its activities and merchandise outlets at Cihampelas Walk and Paris van Java shopping centers. Starting February 2006, all Mahanagari stakes are owned by Ben, Hanafi and Ben's family. On June 18th, 2008, the company was established as an official enterprise under the name of C.V. Mahanagari Nusantara.



Fig.3: One of Bandung's local geniuses, an angkot driver, wearing a T-shirt with his own angkot's attributes (source: Mahanagari collection, 2007)

Mahanagari is recognized as a pioneer in the clothing and merchandise industry, which promotes Bandung and therefore, while conducting their business, has been realizing city branding for Bandung. Its carefully controlled products have won loyal consumers, who are satisfied by the service and communication style of Mahanagari, which is often conducted through the Internet. It has received several awards, among others 'Most Prospective Enterprise' that was received in 2007 during KickFest, the biggest clothing and merchandise festival in Bandung. Younger clothing companies are starting to follow the path of Mahanagari in creating branding for themselves and for the city of Bandung, and have so far become fair competitors for Mahanagari, who indeed need the challenge to prevail and grow.

## CONCLUSION

It is obvious that Mahanagari has been running a durable enterprise due to its ability to expand its business, from selling T-shirts and merchandise to providing outdoor tour packages. By doing so, Mahanagari has provided job opportunities not only for their store attendants and smaller garment industries that supply their stock, but also for communities that co-operate in organized tours and for local people of the tour destination sites (transportation, local guides, local food stalls, etc.). Mahanagari activities have an impact also on intangible matters such as raising awareness and sense of belonging towards Bandung and its culture and surroundings, its urban environment and its natural sites.

All this could not have been achieved without one very important factor: well-designed products, which attract consumers in the first place, and the capability to create various services beyond products and mere financial profit.

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