Business Strategic Realignment for a Sustainable Fashion Brand 
(Study Case of House of Majik as an Upcycling Fashion Brand)

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ARTICLE INFO

ISSN: 2723-1097

ABSTRACT

Research Aims: This study aims to determine and formulate business strategies for House of Majik, an upcycling fashion brand, to redefine its business model as a sustainable fashion brand.

Design/methodology/approach: This study uses a conceptual framework which uses several steps and tools, such as business environmental scanning through external analysis (PESTEL, Porter’s Five Forces, and Competitor Analysis), Internal Analysis (Value-chain Analysis), Strategy Formulation (TOWS Matrix Analysis), and Redefining Business Model through Value Proposition Canvas and Business Model Canvas approach.

Research Findings: Findings suggest House of Majik to adopt focus-differentiation business strategy, as the strategy is the most appropriate to leverage the exclusivity, creativity, and uniqueness inherent in an upcycling brand. Which affirmed by the value proposition of House of Majik to offer limited editions of up cycled pieces as distinctive products with reasonable prices.

Keywords: business strategy; value proposition canvas; business model canvas; sustainable fashion; up cycling fashion

Introduction

The global textile industry is grappling with escalating waste, with the fashion industry contributing an estimated 92 million tonnes annually, a figure projected to rise to 134 million tonnes by 2023. Indonesia’s textile waste is expected to reach 3.9 million tonnes by 2030 (Bappenas, 2021). Amidst this, sustainable fashion, including practices like upcycling and recycling, offers a promising alternative (Domina & Koch, 1997; Tanzil, 2017; Fairtrunk, 2017; Han et al., 2017). The sustainable fashion market is projected to grow significantly, reaching US$ 33.05 Billion globally by 2030, with a notable increase in the Asia Pacific region (Coheren Market Insights, 2023). In Indonesia, the clothing market's value reached nearly USD 20 billion in 2018, and is expected to grow further, driven by rising consumer awareness and government support for sustainable practices (Indonesia: Clothing Market Demand, 2018; Sim et al., 2019). However, balancing ethical values with business scalability remains a challenge for sustainable brands (Rego et al., 2022; Boger et al., 2020). This research
aims to understand the internal and external factors affecting sustainable fashion brands, highlighting the industry's rapid changes and the need for viable, ethical strategies.

In Indonesia's growing fashion market, differentiation is crucial for sustainable brands like House of Majik to compete effectively (Porter, 1980; Fletcher, 2012). House of Majik, established in 2023 in Bandung, Indonesia, is a unique multi-brand store offering curated brands, thrift items, and upcycled products. It also operates its own upcycling fashion brand, focusing on transforming old clothes into new, high-value items with quirky and timeless designs. House of Majik's vision is to be a profitable, circular fashion movement leader, and its mission includes transforming fashion waste into affordable, eco-sustainable clothing through upcycling. Despite being a relatively new concept in Indonesia, interest in sustainable fashion is on the rise, reflecting a global shift towards more eco-conscious fashion practices (Tanzil, 2017).

House of Majik, initially an upcycling brand, now juggles its identity with managing a multi-brand store. This presents unique challenges and opportunities in a rapidly evolving fashion industry. The objective of this research is to identify gaps in the current business model and develop innovative strategies, refocusing House of Majik on its core strengths in sustainable and upcycling fashion. This research aims to enhance House of Majik's business model for increased competitiveness, ensuring it leverages its unique position in the sustainable fashion market.

**Literature Review**

**Business Level Strategy**

Business-level strategy aims to achieve competitive market advantage, influenced by both industry dynamics and firm-specific factors (Rothaermel, 2023). It seeks to improve a company's position in a particular market segment (Wheelen et al., 2017), primarily through two strategies: differentiation, which offers higher value at controlled costs, and cost leadership, focusing on similar value at lower costs for competitive pricing.

M.E. Porter (1980) suggests competitive advantage involves analyzing the target market's scope. This leads to four generic strategies:

1) Cost Leadership: Targeting a broad market by minimizing costs and offering lower prices through efficient operations and cost control.
2) Differentiation: Creating unique, distinct products or services, allowing for premium pricing.
3) Focused Cost Leadership: Concentrating on a specific market segment to achieve cost advantages, often by cutting expenses in areas like advertising.
4) Focused Differentiation: Targeting a particular market segment with unique offerings to avoid direct competition with larger firms, focusing on niche markets or specialized products.

**Value Chain Analysis**
A value chain comprises a sequence of activities that starts with raw material acquisition from suppliers, encompasses various value-added processes in production and marketing, and concludes with distributors delivering products to customers (Wheelen et al., 2017). Divided into upstream (input-related) and downstream (output-related) segments, the value chain in sustainable fashion is crucial for differentiating products based on their creation and delivery processes. For House of Majik, analyzing the value chain is key to identifying specific activities that enhance its competitive advantage in the sustainable fashion industry.

**PESTEL Analysis**

Political factors, economic conditions in the company’s general environment (local, national, regional, and global), sociocultural forces, technological factors, environmental factors (concerning the natural environment) and legal/regulatory conditions were tallied together as six main components of the company’s macroenvironment (Rothaermel, 2023). It is one of the market analysis tools that helps to assess a situation, a methodology, or position. It can measure the market potential and circumstance with a broader macro-environmental context in the country that the company exists. PESTEL is a crucial and frequently utilized tool as it helps companies to build strategy that is in line with the significant forces of change affecting the business landscape, as business should benefit from any environmental changes to remain sustainable (Thompson et.al., 2021; Kumar & Kumar, 2018)

**Porter’s Five Forces**

The competitive landscape for sustainable fashion brands involves not just competing with traditional fashion brands, but also differentiating from other sustainable labels (Bhardwaj & Fairhurst, 2010). Porter’s Five Forces framework in this context is important in analyzing the competitive forces within the sustainable fashion industry.

**Value Proposition**

The value proposition is a clear, concise statement that explains why a consumer should choose one business over another. It transcends just features or advantages, focusing on how these meet the specific needs and problems of customers. Osterwalder (2015) highlights the significance of customer-centric value propositions, emphasizing the importance of highlighting the value delivered to customers over just the internal qualities or capabilities of a product or service.

**Business Model Canvas**

This research adopts the Business Model Canvas framework by Osterwalder & Pigneur (2010) to capture how an organization creates, delivers, and captures value. This tool provides a comprehensive overview of the business model, essential for understanding value creation and capture, competitive advantage, and growth. The Business Model Canvas comprises nine components: Key Partnerships (networks supporting the business), Key Activities (crucial operations), Key Resources (assets needed for value creation), Value Propositions (products/services offered to customers), Customer Relationships (nature of connections with customer segments), Channels (methods of delivering the value proposition), Customer Segments (target...
Method
Conceptual Framework
To understand House of Majik’s early growth stages, a conceptual framework adapted from Wheelen et al. (2017) and Osterwalder (2010), with additions from Ariyahya et al. (2023), is employed as seen on Figure I.

Figure I. Proposed Business Model Canvas

The framework above involves Business Environmental Scanning and Strategy Formulation. In this framework, the Business Model Canvas (BMC) is used to analyze House of Majik’s internal operations, identifying strengths and weaknesses and examining value creation processes (Osterwalder & Pigneur, 2010). Concurrently, Value Chain Analysis, as proposed by Porter, is applied to identify competitive advantages and create value.

For external environmental scanning, PESTEL analysis is utilized to assess macro-environmental influences, while Porter’s Five Forces provide insight into the competitive dynamics within the sustainable fashion industry (Porter, 1980). These tools help identify external opportunities and threats essential for upcycling businesses in the dynamic fashion sector.

The integration of internal and external analyses through SWOT and the TOWS Matrix assists in aligning internal strengths and weaknesses with external opportunities and threats, guiding strategic decisions for House of Majik. The TOWS Matrix, combined with a revised Business Model Canvas, will map out a new strategy to enhance House of Majik’s growth in the sustainability and upcycling fashion niche (Weihrich, 1982).

Data Collection & Analytical Tools
This study used a qualitative approach to examine House of Majik's business strategy, particularly in sustainable fashion and upcycling. Employing methods endorsed by Yin (2014) and Mooi & Sarstedt (2011), data were sourced from primary
(interviews) and secondary (literature, reports) materials. Open-ended interviews provided in-depth insights into sustainable fashion, ensuring rich interpretative results (Patton, 2002; Creswell, 2013). Participants, chosen based on recent purchases of sustainable fashion items, offered valuable perspectives (Niinimaki et al., 2020; Gill, 2020), with data saturation achieved with 6-10 participants (Guest et al., 2020; Morse, 2000).

For data analysis, the study adopted a systematic method to categorize primary data into codes and themes, as outlined by Creswell (2013) and Braun & Clarke (2006). Themes, representing emergent patterns in data, were identified and analyzed. To enhance validity and reliability, the study utilized data triangulation (Denzin, 1970 in Flick, 2018), integrating various data sources to deepen understanding (Gill, 2020).

Key environmental variables were identified using the SWOT Framework, assessing internal and external aspects (Wheelen et al., 2017), while the TOWS Matrix (Weihrich, 1982) systematically compared external opportunities and threats with internal strengths and weaknesses, aiding strategic development. This approach provided a thorough foundation for understanding House of Majik’s strategic positioning within the sustainable fashion sector.

Result and Discussion
A. Business Environmental Scanning
Insights from Internal Analysis
Business environmental scanning, as outlined by Wheelen (2017), is vital for organizations to grasp and adjust to their ever-changing external environment. It involves systematically collecting and analyzing information about factors that may affect a company’s present and future operations, providing valuable insights for strategic planning from internal to external sources.

Value Chain Analysis
The Value-chain Analysis is focusing on scanning the environment through the internal of the company, which later will identify the company’s strengths and weaknesses. The Value-chain from House of Majik consists of two activities, primary and supporting activities as explained below.

1) Primary Activities:
   - Inbound Logistics: Materials sourced from discarded textiles vary in design and size, leading to fluctuations in supply and complexity in operations. House of Majik also explores using deadstock from sister brands.
   - Operations: Involves research, design, and production, where old clothing is deconstructed and reassembled into new designs. Quality assurance is stringent, with a focus on maintaining high standards despite the unique nature of materials.
● Outbound Logistics: Packaging uses reusable zipper pouches. Distribution includes both offline (boutique store in Bandung) and online channels (WhatsApp, Instagram, Shopee, Tokopedia), with multiple courier services for delivery.
● Marketing & Sales: Emphasizes brand storytelling around upcycling and "unconditional love." Marketing has been organic, with limited online advertising and focus on multi-brand store offerings.
● After-Sales Services: Managed by in-store staff and online admins, handling customer inquiries, returns, and exchanges.

2) Supporting Activities:
● Firm Infrastructure: Management systems oversee operations, finance, and strategy at the holding level.
● Human Resources Management: A functional team operates across brands, with each member playing a specific role. Employee engagement aligns with the brand's mission and values.
● Technological Development: Currently, there's no specific technological development in R&D and production, but online platforms are utilized for sales.
● Procurement: Focuses on supplier relationships and balancing sustainable practices with cost management to ensure profitability.

Insights from External Analysis

PESTEL Analysis

The understanding through PESTEL in this research context will be used to scan the external and especially global environment that will affect the House of Majik. Each of the variables will be supported by findings below:

1) Political: Indonesia ratified the Paris Agreement and implemented waste management principles to combat climate change, with a focus on upcycling initiatives and promoting sustainable practices in the fashion industry (KLHK, 2023; Didukung Kemendikbudristek, 2022). State-owned Pertamina supports these sustainable programs

2) Economical: Sustainable fashion is seen as a long-term economically viable model. The Minister of Industry recognizes Indonesia’s potential in green fashion as a competitive advantage and a significant contributor to GDP growth (Granskog et al., 2020; Neraca, 2015)

3) Social: Awareness and popularity of sustainable fashion are increasing in Indonesia, though there is still a need for consumer education on sustainable consumption (Nadyasworo et al., 2023; Yasmine, 2020). Collaboration among upcycling entrepreneurs is key for sharing expertise (Singh et al., 2019; Prieto-Sandoval et al., 2018; Tura et al., 2019).

4) Technological: The rise of e-commerce and social media has transformed the fashion landscape, offering new opportunities for sustainable brands
Environmental: The fashion industry's impact on the environment is notable, with increasing production but lagging sustainability efforts (Geneva Environment Network, 2023; Mengejar Sertifikasi Pemerintah Untuk Fesyen Berkelanjutan, 2022).

Legal: Upcoming legislation aims to enforce higher standards in the fashion industry to address its environmental impact. Brands must avoid greenwashing by making accurate sustainability claims (EthixBase, 2023; Mallen et al., 2022).

PORTER’s Five Forces Analysis
Porter’s Five Forces assessment will be conducted to evaluate the barriers and competitive dynamics in sustainable fashion (Rothaermel, 2017). Findings are as follows:

1) Threat of New Entrants: Moderate, due to the unique challenges in sourcing and production for upcycling brands. Factors like economies of scale, network effects, and customer switching costs play a role. Government policies and capital requirements also influence the entry of new players, with upcycling brands having certain advantages due to their unique processes (Dares, 2019; Fletcher, 2012; Niinimäki, 2010; Henninger et al., 2017; Murshita et al., 2022; Permendag No. 18 of 2021).

2) Bargaining Power of Suppliers: High, especially for suppliers of unique or high-quality upcycled materials. Sustainable fashion brands often depend on specialized suppliers, which increases their bargaining power (Sheu, 2014; Talay et al., 2022; Sung et al., 2020; Noto La Diega, 2019).

3) Bargaining Power of Buyers: Growing, influenced by environmental awareness and the perceived value of upcycled products. Younger demographics show increasing preference for sustainable options (Parung & Viviany, 2022; Mandaric et al., 2022; Koch, 2019).

4) Threat of Substitution: High, with fast-fashion and sustainable products using organic materials as key substitutes. While upcycled products offer unique value, they face competition from more accessible and affordable alternatives (Mengejar Sertifikasi Pemerintah Untuk Fesyen Berkelanjutan, 2022; Tanzil, 2017; Boger et al., 2020).

5) Competitive Rivalry: Moderately Intense, the competitive rivalry in the sustainable, particularly upcycling, fashion sector caused by Unique product differentiation and strong customer loyalty in this niche market which reduce direct competition and lower price sensitivity (Niinimäki, 2010; Fletcher, 2012; Henninger et al., 2017). Barriers like specialized skills safeguard existing players, but increasing focus on sustainability could intensify competition by
lowering these barriers (Dares, 2019). Technological innovation remains key in this evolving industry, influencing future competitive dynamics (Murshita et al., 2022).

B. Strategy Formulation and Analysis

*Determining Business-Level Strategy*

This chapter will be done by generating SWOT based on the previous analysis. Furthermore, each strengths, weaknesses, opportunities, and challenges for the House of Majik will be counted to determine the closest relevance of the business with the industry.

Table I. SWOT Analysis

<table>
<thead>
<tr>
<th>Strengths</th>
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<tbody>
<tr>
<td>S1</td>
<td>Emphasize on closing the loop in fashion retail by transforming waste into valuable products.</td>
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<tr>
<td>S2</td>
<td>Offering like-new clothing at reasonable prices so it can be accessible to all classes.</td>
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<tr>
<td>S3</td>
<td>Each product differs from one another make it one-of-a-kind</td>
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<tr>
<td>S4</td>
<td>Inside the multi-brand store, might gain exposure from loyalists of brand consignees.</td>
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<table>
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<tr>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>W1</td>
<td>Dependency on rare materials (thrift items)</td>
</tr>
<tr>
<td>W2</td>
<td>Recent focus on multi-brand store over upcycled products reducing brand awareness for the latter</td>
</tr>
<tr>
<td>W3</td>
<td>Sizings and design variations in source materials slow down operations and harden the scaling up process.</td>
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<tr>
<td>W4</td>
<td>Limited color choices, assortment, and stock.</td>
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<tr>
<th>Opportunities</th>
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<tbody>
<tr>
<td>O1</td>
<td>Further opportunity to go global as world awareness on circular economy is increasing.</td>
</tr>
<tr>
<td>O2</td>
<td>Growing traction of sustainable fashion awareness.</td>
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<tr>
<td>O3</td>
<td>Easiness to use social media to gain awareness, and ease to buy products and interact through the marketplace.</td>
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<tr>
<td>O4</td>
<td>The trend of buyers, especially younger demographics, is increasing.</td>
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<tr>
<td>O5</td>
<td>In the environment of the group of fast-fashion brands with available dead stock items that can be utilized.</td>
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<th>Threats</th>
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<tbody>
<tr>
<td>T1</td>
<td>Indonesia's ban on imported used clothing as per the Minister of Trade regulation (impact to supply materials) which makes supply availability unpredictable.</td>
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<tr>
<td>T2</td>
<td>The ratio of incremental growth of fast-fashion production versus sustainable fashion production is lacking behind. Meaning consumption of new items is rather high.</td>
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<tr>
<td>T3</td>
<td>The sustainability name itself is indeed a heavy duty to call for, brands might need to show more transparency and make sustainability reports.</td>
</tr>
<tr>
<td>T4</td>
<td>It is difficult to achieve economies of scale due to unique handling required of each product and scaling up production, when using reproduced materials, tends to be expensive.</td>
</tr>
<tr>
<td>T5</td>
<td>Competitors not only coming from other sustainable fashion focus brand, but also fast fashion brand</td>
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</table>
After considering the strengths, weaknesses, opportunities, and threats, it is concluded that the most relatable business level strategy for House of Majik to adopt is focus-differentiation strategy. This strategy is ideal due to its emphasis on exclusivity, creativity, and unique products that distinguish the brand in the market. Moreover, upcycling fashion, central to House of Majik's operations, transforms discarded materials into higher value items, one-of-a-kind fashion items while addressing the inherent challenges of the business model and market environment.

**TOWS Matrix for Strategy Formulation**

This study will then try to sort the initiative that focuses on strengthening the business level strategy that has been decided, which is focus-differentiation, based on the TOWS Matrix analysis. Selected strategies that might be suitable to be implemented:

1. Increase social media engagement, targeting younger demographics and emphasizing product distinctiveness, combined with reasonable pricing.
2. Diversify the product line to include a wider range of products and colors, catering to the growing interest in sustainable fashion and inclusivity among young consumers.
3. Collaborate with fast-fashion brands to use their deadstock as supply for upcycling, leveraging the combination of unique product creation and established market reach.
4. Enhance online presence to augment the limited focus on upcycled products and boost brand awareness, tapping into global market opportunities.
5. Promote the uniqueness of Majik's products within the multi-brand store, using this platform to advocate for sustainable fashion and educate customers.
6. Increase transparency in sustainability efforts on social media and pursue certifications to build brand credibility and address skepticism about sustainability claims.
7. Implement educational campaigns and workshops to raise awareness about upcycling fashion.
8. Communicate the value proposition, long-term usability, and durability of products to differentiate from fast-fashion brands and justify pricing.

**C. Customers’ Value and Value Proposition Insight**

In the context of House of Majik's business model, understanding the motives, needs, and preferences of potential and existing customers is crucial. The primary goal is to comprehend the benefits and value House of Majik delivers within its strategic business position.

**Customers Pains and Gains**

Customers increasingly doubt the authenticity of fashion brands' sustainability claims, creating a trust gap. This skepticism, often due to vague use of the term 'sustainable,' deters consumers from purchasing sustainable products. Informed customers lean towards second-hand or rental options, highlighting the
need for transparency (Riesgo et al., 2022; Mim et al., 2022; Sustainably Chic 2017). This seems to be confirmed by the following statement from the interview.

“Many brands claim to be sustainable, but their basis is often unclear, and terms like "sustainable" are used too lightly. Simply being handmade or using fabric waste doesn't always qualify as genuinely sustainable.”

Most surprisingly, sustainable products' high prices require customers to critically evaluate factors like durability and versatility. Price remains a decisive factor, with consumers supporting eco-friendly products perceived as offering good value (Riesgo et al., 2022; Tran et al., 2022). This study confirms the statement from interviewees.

“I really valued and appreciate sustainable brands that make this kind of effort such as upcycling, but selling it at a really good deal price.”

"When I like a product from an expensive brand, I think about wearing it more often to justify the cost per wear."

Furthermore, in this sustainable fashion market, establishing a strong and credible brand reputation is crucial. Consumers tend to favor well-known brands with a significant social media presence to reduce the effort of verifying a brand's sustainability claims. Sustainable positioning, coupled with credible sources and transparency, has been shown to positively influence brand loyalty, especially among Gen Z (Mim et al., 2022).

“When a new brand claims to be sustainable but is expensive and unknown, I find I need to exert more effort to understand what they represent. That’s why I lean towards well-known, reputable brands with significant social media presence.”

Findings also confirmed that customers are attracted to distinctive, appealing designs, and often choose items that stand out. Design uniqueness significantly affects consumer interest and buying intentions, with a clear preference for individuality in fashion (Mo et al., 2023; Lang & Wei, 2019). The findings are corroborated by the outcomes of the interviews below.

“Sometimes, I buy clothes out of necessity, but when I shop for unique designs, I'm drawn to one-of-a-kind items that I can't find elsewhere.”

Alongside aesthetic distinctiveness, comfort and ease of wear are equally valued. Such preferences are integral for clothing that integrates well into everyday activities, with a harmonious blend of intricate design and practicality contributing to heightened consumer satisfaction (Park, 1998; Wang, 2022). Evidence from the interviews lends support to the findings.

“With my activities, I rather wear something simple over a complicated one. Although the design is uniquely complicated, I want to wear it in the simplest way.”

Additionally, sustainability is perceived by customers as synonymous with the long-term usability of products. There is a strong preference for durable, high-quality items, indicative of an acute consciousness regarding personal finance and environmental impact (Davies, 2015). The interview feedback aligns with and bolsters the result of this study.
“I thought, being sustainable is being mindful in things that we buy. That is why when buying clothes whether it's from a sustainable brand or conventional fashion brand, I seek to wear that product for a long time.”

Even occasional buyers of sustainable fashion look for brands that support a meaningful cause, whether in environmental impact or fair labor practices. This trend reflects a broader consumer inclination towards supporting brands that demonstrate social responsibility (Khandual & Pradhan, 2018; Sustainably Chic 2017). Data obtained from interviews confirmed this study.

"While I don't often purchase sustainable fashion items, I feel the need for a clear and transparent understanding of a brand’s good cause before buying from them."

Customers Segmentation
1) Geographic: Primarily urban areas across Indonesia, with a focus on major cities like Jakarta and Bandung.
2) Demographic: Young adults and adults aged 20-40, predominantly female (90%) with males accounting for 10%. The primary occupation groups include young urban professionals, entrepreneurs, and fashion-forward youth.
3) Behavioral: Customers who place a high value on sustainability and originality in their fashion choices, and those keen on exploring new and unique fashion trends.
4) Psychographic: This includes community advocates who value local craftsmanship and ethical production, and style and quality-conscious consumers who seek fashion-forward options without compromising on eco-consciousness.

Customers Relationship
In House of Majik, customer service plays a vital role both online, in marketplaces and social media, and offline in physical stores, ensuring direct customer engagement. Interviews reveal the importance of transparency in communications, as customers value clear insight into the brand's sustainability efforts.

“I really appreciate how brand tells their transparency stories of brand’s values by making a positive difference and their efforts in sustainability”

This need for transparency in sustainability practices is supported by literature suggesting that the apparel community must learn to effectively communicate sustainability efforts to meet consumer demands (Hiller & Kozar in Jestratijevic & Rudd, 2020).

Channels
Customer interviews reveal that discovery and awareness predominantly occur through influencers on social media and media publications.

“I first came across a sustainable fashion brand through an Instagram post shared by a fashion influencer I follow. The unique upcycling concept was really attractive.”

Notably, some customers only recognize the brand’s sustainable focus after purchasing, underscoring product design's role in attracting initial interest (Lidgren & Major, 2021) as stated below:
“I first came across a sustainable fashion brand through an Instagram post shared by a fashion influencer I follow. The unique upcycling concept was really attractive.”

This pattern aligns with findings that sustainability may influence consumer perception post-purchase, especially among younger demographics (Granskog et al., 2020).

Regarding purchasing channels, customers show a preference for both online platforms, like Shopee, for their convenience and range, and offline stores for the tangible shopping experience they offer.

“I like to buy things online, it’s so convenient at hand and has a really good range of selection of brands.”

“Although it’s not that often, I like to shop and find unique clothing at the offline store, seeing them in-person is just make a difference.”

This trend reflects the pandemic-accelerated shift to online shopping while maintaining the relevance of physical stores for in-person product evaluation (World Economic Forum, 2021; Sisca et al., 2022).

**Revenue Streams**

In House of Majik's revenue model, there are two primary streams: product sales (upcycled clothing and curated thrift items) and margins from selling other brands' products in-store. Regarding price sensitivity, interview findings revealed two patterns among customers. Firstly, for premium luxury-priced items (IDR 500,000 to IDR 2,000,000), customers consider the long-term use and cost per wear, indicating careful deliberation over expensive purchases.

“When I encounter a pricey brand and really like or need a product, I think about wearing it often to make the cost per wear worthwhile. I take my time deciding if I’ll commit to using it long-term.”

Secondly, for lower to medium-priced items (IDR 200,000 to IDR 500,000), customers find the pricing reasonable given the product’s uniqueness and one-of-a-kind nature.

“Majik’s pricing is quite reasonable, especially considering the uniqueness it offers. Each piece being one-of-a-kind really justifies the price for me. Compared to other brands which I found pretty expensive! Yeah, I thought it was expensive before.”

These insights align with literature stating customers evaluate price worthiness against product value and potential long-term use, thereby influencing their attitude towards personal finance and perceived value (Selliamanik, 2020; Davies, 2015).

**D. Redefining the Business Model**

**Proposed Value Proposition Canvas**

**Pain Reliever**

House of Majik's strategy involves offering limited, curated collections that highlight the uniqueness and quality of each upcycled piece. This approach simplifies customer choices and underscores product exclusivity. The brand's reputation is bolstered by consistent quality, transparent sourcing and production processes, and leveraging customer reviews for enhanced credibility. Adopting reasonable pricing...
strategies that reflect the products' quality and sustainable attributes also makes the items attractive investments, broadening the appeal in the sustainable fashion market.

**Gain Creator**
House of Majik distinguishes itself through unique designs that offer customers a sense of individuality, while ensuring practicality and ease of maintenance. The brand's commitment to transparency about its sustainability efforts, including sourcing and production, not only educates customers but also reinforces its positioning as an ethically responsible fashion brand.

**Products & Services**
The brand's approach includes offering limited edition, upcycled pieces with unique characteristics, addressing the perception of sustainable fashion as prohibitively expensive. House of Majik also engages in awareness campaigns and community initiatives, such as workshops and sustainable fashion discussions, utilizing various channels for outreach. These efforts are geared towards building a community around creativity, sustainability, and ethical practices, thereby fostering a loyal customer base and generating a positive impact.

**Proposed Business Model Canvas**
The analysis resulting in House of Majik's value proposition centers on providing affordable, eco-sustainable clothing to all, emphasizing upcycling waste into valuable fashion items, with a current focus on clothing-wear. After formulating the TOWS Matrix, this study then continues to create an adjusted business model with a business model canvas approach by Osterwalder (2010) to adapt the chosen business strategy that adopts focus-differentiation competitive strategy. The proposed business model canvas not only adopts the formulation strategy tools usage result, but also incorporates findings from the customer's side in previous analysis in this study. The business model canvas design in Figure II illustrates the value and business model in order to adopt the alternative of strategy that has been formulated. Detailed information for the interconnected business model canvas is stated in Figure II.
Conclusion
This research concludes that House of Majik, a sustainable fashion brand, operates within a context that both supports and challenges its business model. In summary, House of Majik operates in a supportive environment but faces challenges in social engagement, technological investment, and competition from fast-fashion and other sustainable alternatives. The brand's unique position in upcycling provides distinct market advantages but requires careful strategic management to maximize its potential.

Therefore, the analysis definitively establishes that the optimal strategy for House of Majik is a focus-differentiation approach. This strategy capitalizes on the brand's exclusivity, creativity, and distinctive product offerings that differs from the mass production market. Its unique products underscore the analyzed value proposition, distinguishing House of Majik in the competitive landscape. Interview findings also indicate customers are often initially attracted more by the product than its sustainability. This suggests that while House of Majik's unique position in upcycling offers market advantages as a one-of-a-kind product, it necessitates a strategic focus on consumer education, product innovation, and differentiation in a competitive market. Additionally, upcycling fashion involves converting discarded materials into items of higher value, a process that necessitates specialized skills and resources. This not only aligns with the brand's sustainability goals but also reinforces its commitment to innovation and environmental stewardship, further solidifying its focus-differentiation strategy.
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