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Warning Clothing (WRNG) Business Development Strategy

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Abstract

Warning Clothing, a pioneer streetwear brand from Bandung established in 2000 under PT. Adnan Jusson Indonesia, is experiencing a crisis due to its dependence on the conventional offline wholesale (B2B) model. Digital disruption has triggered a drastic decline in foot traffic at partner physical stores outside Java, causing annual revenue to plummet 40% from Rp14.4 billion (2020) to Rp8.6 billion (2025). This study aims to formulate WRNG's business development strategy through Design Thinking, Business Model Canvas, and SWOT/IFAS/EFAS analysis, and to test investment feasibility using NPV, IRR, Payback Period, Profitability Index, and the Timmons Model. A descriptive qualitative method with an applied case study approach was employed. IFAS analysis yields a score of 2.27 (weak internal position) and EFAS 2.65 (good external response), placing WRNG in the Turnaround quadrant. The BMC was reconstructed from an As-Is wholesale model to a To-Be hybrid omnichannel model encompassing official marketplace stores, a company website, and a partner dropship system. Financial feasibility analysis at a 12% discount rate produces NPV of Rp4,258,304,214, IRR >100%, Payback Period of ±8 months, and PI of 6.72, collectively declaring WRNG's business plan highly feasible for implementation.

INTRODUCTION

The fashion industry is one of the main creative economy subsectors that contributes significantly to the national Gross Domestic Product and labor absorption in Indonesia. The city of Bandung is recognized as a national fashion and creative industry center with a very mature ecosystem of local brands. BPS data for West Java Province (2025) recorded more than 20,000 micro and small business units in the Bandung fashion sector that absorb nearly 160,000 workers.

In the midst of the rapid growth of online shopping channels from 19.5% in 2020 to 36.8% in 2025 (Indonesia Market Report, 2025), Warning Clothing is actually in an alarming condition. For more than 20 years, WRNG has built its business through a wholesale (B2B) model by supplying products to hundreds of partner stores (distros) outside Java. This dependence on a single conventional physical distribution channel transforms into a strategic vulnerability when technological disruption occurs. B2B retail partners experienced a drastic decline in consumer visits, order volumes were radically cut, and not a few partners closed their businesses.

As a result, WRNG's annual turnover declined consistently from IDR 14.4 billion (2020) to IDR 8.6 billion (2025), or a decrease of around 40% in five years. Meanwhile, competitors such as 3Second, Erigo, and Screamous have successfully executed omnichannel strategies that combine official online stores with physical stores. This condition puts WRNG at a critical point that demands a complete reformulation of business strategy.

Based on this background, this study formulates three main problems: (1) how to formulate WRNG's business development strategy through Design Thinking and Business Model

Canvas; (2) how to prepare a Business Plan based on SWOT analysis that is derived into the work program of various aspects of management; and (3) what is the level of business and investment feasibility of the proposed strategy.

METHODS

This study uses a qualitative descriptive method with an applied case study approach. Primary data was obtained through in-depth interviews with WRNG management (owners, operational managers, marketing managers) and field observations of operational processes. Secondary data includes WRNG internal documents (historical sales data, financial statements), industry reports from BPS West Java Province, as well as literature studies of scientific journals and strategic management textbooks.

The analysis was carried out through six stages of the research framework: (1) problem identification; (2) SWOT analysis with IFAS/EFAS and Porter's Five Forces; (3) the application of Design Thinking (Empathize–Define–Ideate–Prototype–Test); (4) reconstruction of the Canvas Business Model As-Is to To-Be; (5) the preparation of an eight-aspect Business Plan; and (6) financial (NPV, IRR, Payback Period, PI) and non-financial (Timmons Model) tests. The discount rate used is 12% as the company's Weighted Average Cost of Capital (WACC).

RESULTS AND DISCUSSION

Design Thinking for WRNG

The application of Design Thinking in WRNG is carried out through five iterative stages. In the Empathize stage, in-depth interviews with two main user groups—B2B partners (distro owners) and B2C consumers (Generation Z)—revealed a significant gap between customer expectations and the reality that WRNG offers. B2B partners need digital support to survive, while B2C consumers want a practical and interactive shopping experience.

The Define stage formulates a POV statement: "Store partners and end consumers need easy access and a modern shopping experience from brands they trust, but WRNG has not been able to provide it digitally." The resulting How Might We questions then became the foundation of the Ideate session which resulted in creative solutions including digital B2B platforms, B2C official stores, social media marketing content, and partner dropship programs. The Prototype and Test phases validate the market's positive response to the solution, thus forming the basis for BMC's reconstruction.

Business Model Canvas (BMC) As-Is and To-Be

BMC mapping was carried out in two conditions: As-Is (problematic existing condition) and To-Be (condition after transformation). The most fundamental change occurred in the Customer Segments block which expanded from only B2B partners (distro stores) to two segments: B2C end consumers (Generation Z and Millennials) and digitally enabled B2B modern store partners. Blok Channels transformed from a single channel of physical partner stores to an omnichannel strategy that includes marketplaces (Shopee, Tokopedia, TikTok Shop), official websites, flagship physical stores, and digital B2B platforms. The reconstruction of Revenue

Streams from 100% B2B to a combination of B2B and B2C opens up the potential for higher margins from direct sales to the end consumer.

Table 1. Canvas WRNG Business Model Reconstruction (As-Is vs. To-Be)

BMC Block	As-Is (Current Condition)	To-Be (Transformation Target)
Customer Segments	B2B partner distro stores outside Java	B2C (Gen Z & Millennial) + Digital B2B Partners
Value Proposals	Competitive wholesale price, stock available, classic design	24/7 online access, interactive digital experiences, partner marketing support
Channels	Physical partner stores (single channel)	Omnichannel: marketplace, website, physical store, digital B2B platform
Customer Relationships	Personal communication via phone with the store owner	Scalable digital interactions, loyalty programs, online communities
Revenue Streams	100% wholesale sales to store partners	Combination of wholesale B2B + B2C e-commerce & physical store
Key Resources	Production facilities, brand equity, partner database	+ Digital marketing team, ERP/CRM system, consumer data
Key Activities	Mass production, wholesale distribution	+ Digital marketing, platform management, partner support program
Key Partners	Convection suppliers, partner stores	+ Digital platform (Shopee, TikTok), influencer, modern logistics agency
Cost Structure	Production & physical operations	+ Digital marketing, technology investments, new digital team salaries

Source: Processed Researcher (2026)

SWOT, IFAS, and EFAS Analysis

The IFAS analysis identified four key strengths of WRNG: 20 years of brand equity (score 0.60), own production facilities (score 0.48), extensive partner network (score 0.30), and industry experience (score 0.24). In terms of weaknesses, the absence of B2C sales channels (score 0.20), delays in digital adoption (score 0.15), and the absence of digital marketing teams (score 0.10) are the biggest inhibiting factors. The total IFAS score of 2.27 puts WRNG in a weak internal position.

EFAS's analysis noted the biggest opportunities in the form of online fashion market growth (score 0.80) and the policy of banning the import of used clothes by the Indonesian Ministry of Trade (score 0.60). The main threats stem from very tight industry competition (score 0.20) and changes in consumer behavior (score 0.30). A total EFAS score of 2.65 indicates that WRNG responds to the external environment quite well. The position of IFAS 2.27 and EFAS 2.65 places WRNG in the **Turnaround Quadrant** companies need to capitalize on external opportunities to address fundamental internal weaknesses.

Table 2. Summary of IFAS and EFAS WRNG

Key Factors	Weight	Rating	Score	Remarks
IFAS – Internal Factors (Total Score: 2.27)				
20 years of brand equity	0,15	4	0,60	Key Strengths
Own production facilities	0,12	4	0,48	Key Strengths
Extensive network of store partners	0,10	3	0,30	Medium Power
Experience in the fashion industry	0,08	3	0,24	Medium Power
Doesn't have a B2C sales funnel	0,20	1	0,20	Main Disadvantages
Delays in digital technology adoption	0,15	1	0,15	Main Disadvantages
No digital marketing team	0,10	1	0,10	Main Disadvantages
Reliance on physical B2B models	0,10	2	0,20	Moderate Weaknesses
EFAS – External Factors (Total Score: 2.65)				
Growth of the online fashion market	0,20	4	0,80	Excellent Response
Ban on the import of used clothes	0,15	4	0,60	Excellent Response

Key Factors	Weight	Rating	Score	Remarks
The great potential of Generation Z	0,10	3	0,30	Good Response
Fashion ecosystem in Bandung	0,05	3	0,15	Good Response
Industry competition is fierce	0,20	1	0,20	Poor Response
Changing consumer behavior	0,15	2	0,30	Medium Response
Fluctuations in raw material prices	0,10	2	0,20	Medium Response
The emergence of new local brands	0,05	2	0,10	Medium Response

Source: Processed Researcher (2026)

Strategy Formulation and Business Plan

Based on the Turnaround position, the strategy chosen is a combination of Aggressive (S-O) and Turnaround (W-O) strategies implemented in parallel. The aggressive strategy utilizes 20 years of brand equity and production facilities to immediately enter the digital market. The turnaround strategy focuses on urgent internal improvements: digital team recruitment, technology infrastructure development, and partner empowerment through dropshipping systems.

WRNG's vision is formulated as "To be an Indonesian local fashion icon at the forefront of digital innovation and the preservation of streetwear culture that young people love across Indonesia by 2030." The business plan is elaborated into eight aspects: (1) 7P and STP-based digital marketing with the target of Generation Z aged 17–30 years; (2) operations through cloud-based ERP and WMS systems for agile supply chains; (3) human resources with recruitment of digital specialists and HRIS implementation; (4) digitalization through the integration of CSOs, CRM, and marketplace platforms; (5) legality through PT, NIB OSS-RBA, and brand IPR protection (IDM000652775 and IDM000685242 with Granted status at DJKI); (6) financial, operational, and marketing risk management; (7) product and content innovation; and (8) employee career development.

The initial capital requirement is set at IDR 745,000,000, consisting of investment capital of IDR 245,000,000 (marketing equipment IDR 25 million, operational equipment IDR 150 million, HR equipment IDR 35 million, ERP/CRM/HRIS software IDR 35 million) and working capital of IDR 500,000,000 for the first three months of operation.

DISCUSSION

Financial Feasibility and the Timmons Model

Revenue projections show a recovery of B2B from IDR 9 billion (Year 1) to IDR 11 billion (Year 5), accompanied by significant growth in B2C from IDR 0 (Year 1) to IDR 5.5 billion (Year 5), resulting in total revenue reaching IDR 16.5 billion in Year 5. Net profit is projected to increase from IDR 750 million (Year 1) to IDR 2.48 billion (Year 3).

Table 3. Cash Flow Projections and WRNG Investment Feasibility Analysis

Year	Cash Inflows	Cash Flow Outflow	Net Cash Flow
0 (Investment)	Rp 0	IDR 745,000,000	(IDR 745,000,000)
1	IDR 9,000,000,000	IDR 7,850,000,000	IDR 1,150,000,000
2	IDR 10,500,000,000	IDR 8,530,000,000	IDR 1,970,000,000
3	IDR 12,500,000,000	IDR 9,120,000,000	IDR 3,380,000,000

Source: Processed Researcher (2026)

NPV calculation with a discount rate of 12%:

NPV = $(1,150,000,000/1.12) + (1,970,000,000/1.12^2) + (3,380,000,000/1.12^3) - 745,000,000$ = **Rp4,258,304,214**

Table 4. Recapitulation of the Results of the WRNG Investment Feasibility Analysis

Method	Calculation Results	Criteria	Conclusion
Net Present Value (NPV)	IDR 4,258,304,214	NPV > 0	WORTH
Internal Rate of Return (IRR)	> 100%	IRR > 12%	WORTH
Payback Period	± 8 Months	The shorter the better, the better	WORTH
Profitability Index (PI)	6,72	PI > 1	WORTH

Source: Processed Researcher (2026)

The non-financial evaluation using the Timmons Model analyzes three core elements. From the dimensions *Opportunity*, the online fashion marketplace meets all four Timmons criteria: *Attractive* (growth from 19.5% to 36.8% in 5 years), *Sustainable* (permanent changes in shopping behavior post-pandemic), *Timeless* (the policy of prohibiting the import of used clothes opens up space for the domestic market), and *Value Creation* (providing customers with ease of access and digital experience).

From the *Team dimension*, WRNG has qualified expertise in physical operations, but requires the recruitment of Digital Marketing Specialists, Social Media Specialists, E-commerce Specialists, and Digital Customer Service. From the *Resources* dimension, 20-year brand equity is an invaluable intellectual asset that is the main capital in digital campaigns, supported by existing production facilities and digital platforms available at low costs. With the right recruitment and investment, all three elements of Timmons achieve a dynamic balance so that WRNG's business plan is declared **VERY FEASIBLE** to implement.

CONCLUSION

This research yields three main conclusions. First, the application of Design Thinking has succeeded in identifying the behavioral shift of Generation Z and formulating WRNG digital transformation solutions. WRNG's business model is reconstructed from a conventional wholesale model to an omnichannel hybrid model through BMC As-Is to To-Be mapping, including segment expansion to B2C, channel diversification to marketplaces and websites, and partner empowerment through dropship programs.

Second, the SWOT analysis puts WRNG in a Turnaround position (IFAS 2.27; Ephesians 2:65). The strategy formulated combines an aggressive approach (S-O) and recovery (W-O) which is described into eight comprehensive work programs including digital marketing, ERP/WMS-based operations, digital human resource recruitment, and legality protection and IPR.

Third, WRNG's business plan is declared VERY FEASIBLE based on all investment feasibility indicators: NPV of IDR 4,258,304,214 (positive), IRR >100% (far above the hurdle rate of 12%), Payback Period ±8 months, and PI 6.72. The Timmons Model confirms the alignment between Opportunities, Teams, and Resources under the leadership of the Founder. The plan recommends a phased execution starting from the recruitment of digital talent in the First Year and the integration of the ERP/WMS system before the launch of the B2C channel.

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