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A SWOT ANALYSIS ON THE IMPLEMENTATION OF THE MARKETING STRATEGY: A CASE STUDY IN THE RAJA ABON MAKMUR LESTARI, PANGKALPINANG CITY, INDONESIA

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Abstract: The study is based on the low performance of the business activity of the Raja Abon Makmur Lestari (RAML) in Pangkalpinang City. The study aims to analyse the internal and external factor owned by the company and to design the marketing strategy for the company. There were 55 respondents which were 5 internal respondents and 50 external respondents. The questionnaire was employed to collect the data. Internal-External analysis and SWOT analysis were used to interpret the acquired information. The study found that the position of RAML as the small and medium-sized enterprise (SME) was in the V quadrant. It meant that the SME can be managed by implementing the hold and maintain strategy which was market penetration and product development. The study suggests that the SME is required to utilize some strategic formulations. The results of the study will be useful as an input for the policy maker to ensuring the sustainability of the organization and its product.

Keywords: small and medium-sized enterprise, marketing strategy, strategic formulations

1. Introduction

There are about 57.8 million of SMEs listed in Indonesia (Ministry of Cooperatives and SMEs, 2014). The number will gradually increase from time to time. SME contributes to over 57% of GDP and its employment rate was 97% of the total of national workforce. Bangka Belitung Archipelago Province has an economic potential in some sectors such as agriculture, fisheries, livestock and industry. It has the opportunity on the economic growth of Indonesia.

In Bangka Belitung Archipelago Province, the stock farmers produce 582,784 kg of chicken eggs (Department of Agriculture, 2015). Pangkalpinang City has a vital part to ensuring the need of consumers on the chicken eggs. It becomes an opportunity for SME to process the raw materials of chicken eggs to be an innovative product (Soekartawi, 2005).

As a livestock commodity, Egg becomes the most demanding food on fulfilling the adequate nutrition of the society (Saragih, 1998). It contains good and digestible substance. It is not only healthy food for kids who are required adequate protein and mineral but also encouraged as the cure for patient to accelerate the curing process.



The effective strategic plan should be taken into account to protect the business position among the competitors (Afrilita, 2013; Pearce, 2008; Fauzi, 2016). The SMEs should compete with big players in order to maintain their loyal customers in the long run (Umar, 2005). They should be consistent on maintaining the trust of customers on service quality (Yahza, 2013). Punctuality is a key to succeed in facing the competitiveness of the business environment (Porter, 1994). Organizations need to provide their best services, consistent quality, well-performed outlet as well as qualified employees supported by the sophisticated equipment so that the customers gain trust on the services given by the SMEs.

2. Methods

The qualitative descriptive method was employed. Purposive and snowball sampling were used to determine the respondents. The interview was conducted to the owner and the staff of RAML to obtain the basic information about the SME. It was followed by interviewing the customers to collect more comprehensive information about the SME. The study was conducted from August to October 2018. 55 respondents were interviewed to collect data.

1. Identification of Internal and External Factors

Firstly, it identified strengths and weaknesses as the internal factors as well as opportunities and threats as the external factors. Next, respondents' point of view would be used to provide suggestion pertaining to those factors. To anticipate the hidden factors, there was an empty space in the questionnaire for the respondents to add other relevant factors.

2. Weighting Technique

The determination of weighting in the internal and external factor analysis was employed by offering questions to the strategic expert by using the central tendencies (David, 2011). The method was meant to facilitate the respondents in assessing each strategic factor by having mark ($\sqrt{}$) based on the likert scale 1 – 3.

It was based on each respondent's point of view towards the strategic factors.

Below was the list of the choice in the questionnaire:

- 1 = not important
- 2 = important
- 3 = very important

3. The Rating

Rangkuti (2016) argued that rating explained how effective the company's strategy was in responding the available strategic factor.

4. The multiplication of weighting and rating

The next step was that the weighting value were arranged by using rating in each factor and weighted value in each factor was added up to gain the weighted value of company (David, 2011). Total weighted value on IFE and EFE matrix would be between 1.0 (the lowest) and 4.0 (the highest) with 2.5 as average.



The higher total weighted value on IFE and EFE matrix meant the company responded the strengths and weakness (internal factor) or opportunity and threats (external factor) appropriately and vice versa.

4 5. Internal-External (IE) Matrix

IE Matrix was based on two key dimensions: total value of IFE weighted at x axis and total value of EFE weighted at y axis. IE matrix could be broken into three main parts that had different strategic impacts.

5 Firstly, the division in cell I, II and IV could be called as growth and developed. Intensive strategy such as market penetration, market development and product development as well as integrative strategy such as backward strategy, forward strategy, and horizontal strategy might be appropriate for the mentioned division.

4 Secondly, the division in cell III, V and VII was suitably managed by using hold and maintain strategy. Market penetration and product development were two strategies which were generally used for the mentioned division while the division in cell VI, VIII and IX were best managed using harvest and divestment strategy.

9 6. Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix

SWOT matrix was based on the assumption that the effective strategy would maximize the strengths and opportunity as well as would minimize or avoid the weakness and threat. The combination of both internal and external factor in the SWOT matrix was strengths-opportunity (S-O) strategy, weakness-opportunity (W-O) strategy, weakness-threat (W-T) strategy and strengths-and threat (S-T) strategy (David, 2011).

3. Results and Discussion

Internal Strategy Factor

It found that the strengths of the company were good quality service, comfortable and convenient business environment, the sophisticated machine, and well-organized employees. While the weaknesses of the company were unappropriated tracking system, lack of promotion, not strategic business location and nomad-based outlets.

External Strategy Factor

Study revealed that the opportunities of the company were the transformation of consumers' life style and the main job of the owner. While the threats were the existence of competitors and high cost of raw materials.

The Evaluation of Strategic Factors

a. The Evaluation of Internal Factors

Table 1. The Evaluation of Internal Factors Matrix

Internal factor	weighting	Rating	Average score
Strengths			
good quality service	0.175	3	0.525
comfortable and convenient	0.102	4	0.408
business environment			
the sophisticated machine	0.180	3	0.324
well-organized employees	0.180	4	0.720
Total	0.637		1.977
Weaknesses			
inappropriate tracking system	0.086	1	0.086
lack of promotion	0.102	1	0.102
Not strategic business location	0.070	1	0.070
nomad-based outlets	0.105	2	0.210
	0.363		0.468
Total	1.000		2.445

b. The Evaluation of External Factors

Table 2. The Evaluation of External Factors Matrix

External factor	weighting	Rating	Average score
Opportunities			
the transformation of consumers' life style	0.140	3	0.420
Business location nearby downtown	0.160	3	0.480
the main job of the owner	0.120	3	0.360
Instant needs of customers	0.111	2	0.222
	0.531		1.482
Threats			
the existence of competitors	0.179	3	0.537
high cost of raw materials	0.150	2	0.300
The effect of the fluctuate price of raw materials	0.140	4	0.560
	0.469		1.397
Total	1.000		2.879



Based on the above table, it showed that the company's position was in the V quadrant. It meant that the company was able to be managed by implementing hold and maintain strategy. Company should do the market penetration and product development. The company's position was figured in figure 1:

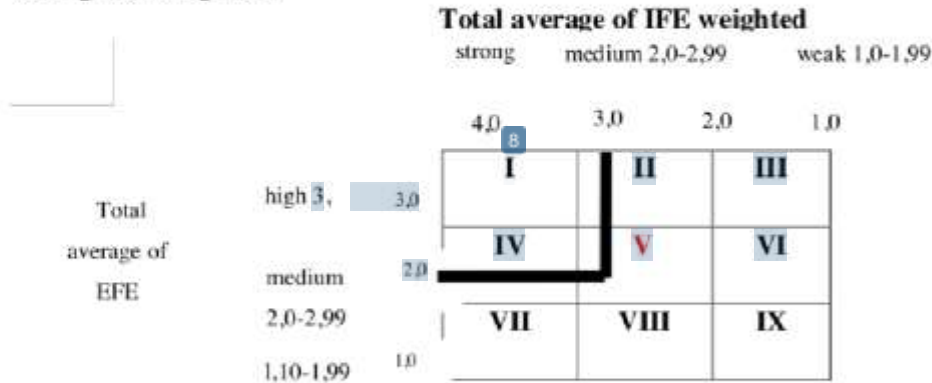


Figure 1. The company's position

c. *The Determinant alternative marketing strategy of SME "Raja Abon Makmur Lestari"*

The alternative strategy was recommended in the marketing of the shredded egg by creating the SWOT matrix explaining the opportunities and threats faced by the SME combined with strengths and weaknesses of the SME. SWOT analysis was a formula of conventional strategy based on the real condition in the business environment. Table 3 showed the SWOT matrix for some alternative strategies.

Table 3. SWOT Matrix

	STRENGTHS (S)	WEAKNESSES (W)
	S1 excellent quality service S2 comfortable and convenient business environment S3 the sophisticated machine S4 well-organized employees	W1 inappropriate tracking system W2 lack of promotion W3 not strategic business location W4 nomad-based outlets
OPPORTUNITIES (O)	S-O STRATEGY	W-O STRATEGY
O1 the transformation of consumers' life style O2 business location nearby downtown O3 the main job of the owner O4 the instant needs of customers	<ol style="list-style-type: none"> 1. Improving the excellent quality service (S1, O1, O4) 2. Maintaining the comfortable and convenient business environment (S2, O2) 	<ol style="list-style-type: none"> 1. Developing the product delivery by having office vehicle such as motorbike (W1,O4) 2. Maximizing the promotional activities by enhancing the market network (W2, W4, O2)
THREATS (T)	S-T STRATEGY	W-T STRATEGY
T1 the existence of competitors T2 high cost of raw materials T3 The effect of the fluctuate price of raw materials	<ol style="list-style-type: none"> 1. Adjusting the price of the product with the cost of the raw materials (S3, T2,T3) 2. Improving the product innovation in terms of taste and shape (S1, T1) 	<ol style="list-style-type: none"> 1. Adjusting the price of product with the willingness to pay of customers (W1, T3) 2. Establishing the permanent outlets (W4, T1)

4. Conclusion and Suggestion

Conclusion

The study concludes: i) the position of SME "Raja Abon Makmur Lestari" is in the V quadrant. It means the SME should have hold and maintain strategy to implement the market penetration and product development in facing the competitive market development in order to enhancing the market network. ii) The formulation of marketing strategy for SME is improving the excellent quality service, maintaining the existence of the business environment, developing the product delivery by providing the office vehicle, maximizing the promotional activities by enhancing the market network, adjusting the price of product with the cost of raw materials, creating the product innovation in terms of the perception and shape, adjusting the price of product with willingness to pay of customers, and establishing the permanent outlets.

Suggestion

1. SME "Raja Abon Makmur Lestari" should consistently improve the variant product considering the demand of customers
2. SME "Raja Abon Makmur Lestari" is expected to improve the excellent quality service to avoid complaining of the customers who are potentially able to prefer the competitors' product.

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