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Study On The Selection Of Alternative Strategies To Face Business Competition In Monoponik Bandung

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Abstract

Alternative strategic plan can be an option for Monoponik as a company engaging in creative industry in Bandung to compete with other competitors. The purpose of this research is to analyze the strengths, weaknesses, opportunities and threats of Monoponik in order to create an alternative strategy to be used in competing with the competitors. This research used a qualitative method. The primary data were obtained through deep interviews and the secondary ones were collected through literature studies, literatures, and internet access. The sampling method was the purposive one involving 3 interviewees. The results showed that the total IFE-Matrix score is 2.559 and the EFE-Matrix is 2.55, and the result of IE-Matrix has positioned Monoponik in the V-cell quadrant of holding and maintaining which contains two alternative strategies namely market penetration and product development. QSPM analysis resulted in the total score of 6.71 which means product development strategy is the appropriate alternative strategy and suitable for Monoponik to implement. There are four kinds of strategies obtained from the SWOT analysis to support product development strategy.

Keywords: Strategic Management, Business Strategy, QSPM Matrix, SWOT Matrix, Creative industries

1. Introduction

In the midst of the growing global economic challenges, the government takes serious efforts to support the development of creative industries into strategic sectors which can play bigger roles in the national economy contributing to GDP, job creations and exports. A number of policy breakthroughs have been made, including the prioritization of creative economic development in the national RPJM 2015-2019 and the establishment of a creative economy body as the institution to supervise the development of creative economy in particular. Creative industry is the utilization of individual creativities, skills, and talents to create welfare and employment. The creative industry is further divided into 14 sectors and one of them is the design sector. The city of Bandung as a center of textiles, fashion, art and culture is also known as "Paris van Java", it is a creative city with great potential of human resources, having been selected as a creative city pilot project for East Asia in Yokohama 2007, Bandung has created the slogan of Bandung Creative City to support the mission. Some efforts have also been made by Bandung City Government in developing creative industries which include facilitating meetings with the creative communities. Having a population of more than two million people, it is not impossible for the city of Bandung to develop businesses in the creative industry sector since the human resources in Bandung are considered to have good creativities. Bandung city is conducive for the development of creative industries. The people in Bandung are tolerant with new ideas and appreciate individual freedom which become the main capital of it to develop creative industries. Bandung city has targeted a rapid development through the presence of creative industries which is in accordance with the Kampung Juara program as expected by the Mayor of Bandung Ridwan Kamil. The growth of graphic design industry in Indonesia is very rapid and this of course directly requires quality standardization for its professional graphic designers. The current standardization is no longer possible to accommodate the development rate of graphic design. However, considering what has been happening both abroad and in Indonesia, it is expected that this effort can be a reference to face the growth in graphic design field.

Monoponik as a company in the field of creative industry has the mainstay subdivision of design in the city of

Bandung. New ideas, technological innovations and creativity have encouraged this business to continue producing works in the industry. Nowadays, there are around 40 companies taking place in the creative industry competition of graphic design subsector in Bandung city (Data of ADGI Indonesia Chapter Bandung). The number continues to increase along with the development of era, technology, and business climate which will affect the creative industry competition of graphic design sub-sector in the future. Due to the rapid growth of creative industries in the city of Bandung, many new businesses have emerged and the evolving era of globalization towards the ASEAN Economic Community (MEA) has made the business competition tighter. As a result, old businesses must devise a strategic plan to be able to compete with new businesses and existing competitors. The strategic plan itself is a decision process and actions referring to one or more effective strategies for achieving organizational goals (Mirzakhani, *Et al* 2014). Therefore, Monoponik must be able to compete in the world of creative industries in Bandung.

Bandung as a creative city under the leadership of Mayor Ridwan Kamil will succeed the program of Kampung Juara, this will certainly lead to an increase in the potential of creative industries. Therefore, Monoponik as a company engaging in the field of graphics and domiciled in the city of Bandung will face the increasingly tighter creative industry competition. Monoponik must then prepare a strategic plan to be able to compete against the potentials that will occur both from the internal and external sides of the company. From the internal side, the company can find out the strengths and weaknesses, while from the external one, the company can identify the opportunities and threats in the external environment. Through the analysis of *Internal Factor Evaluation* - IFE *Matrix*, *External Factor Evaluation* - EFE *Matrix*, *Internal-External* - IE *Matrix*, SWOT *Matrix*, and *Quantitative Strategic Planning Matrix* – QSPM, the internal and external aspects of the company will be known, so that the suitable alternative strategies for Monoponik to be able to compete in the creative industry business competition will be found.

2. Literature Review

The definition of business from Raymond E. Glos in Umar, Husein (2003: 3-4) is considered to have the most extensive coverage, namely "Business is all activities organized by people who are engaged in commerce and industry providing goods and services for the need to maintain and improve their standards and quality of life ". The first strategy definition proposed by Chandler (1962) in Rangkuti, Freddy (2006: 4) mentions that strategy is the long-term goal of a company, as well as the utilization and allocation of all the resources necessary to achieve that goal. According to Liu in Li (2013), strategy management not only develops and devises strategies but also contains management to develop the strategy implementations, so this is the whole set of management processes. David Fred, R (2010: 324), essential strategy-forming technique can be integrated into the three-stage decision-making framework, namely the input stage (first stage), matching stage (second stage), and decision stage (third stage).

In the first stage, an analysis test of Internal and External Factors Evaluation Matrix (IFE Matrix and EFE Matrix) is used. Achmad, Machmud, *et. al* (2013), the final step in carrying out internal strategic management audit is the preparation of the Internal Factors Evaluation (IFE Matrix). This strategy formulation tool summarizes and evaluates the key strengths and weaknesses in the business functional areas, as well as a foundation for identifying and evaluating the relationships between these areas. According to Achmad, Machmud, *et. al* (2013), the External Factors Evaluation (*EFE Matrix*) matrix allows strategists to summarize and evaluate the economic, social, cultural, demographic, environmental, political, governmental, legal, technological, and competitive information. After the completion of the first stage, then it is proceeded by the second stage using internal-external matrix or IE-*Matrix* and SWOT *Matrix* analyses. According to David Fred. R (2010: 344-345), Internal-External Matrix (IE Matrix) positions the various divisions of an organization in the appearance of nine cells. The IE matrix is based on two key dimensions: the total IFE weight score is on the x axis and the total EFE weight score is on the y-axis. Li, Ping (2013), the SWOT refers to a comprehensive method considering the various conditions of internal factors and the external environment, implementing an evaluation system and selecting the best business strategy.

Beidokhty, *et al* (2011), the SWOT in words means four factors of strength, weakness, opportunity and threat, and identifying the processes, studies and evaluations of the potential and influencing the internal and environment variable is called SWOT Analysis. According to David Fred. R (2010: 350-351) the analytical technique in the literature designed to determine the relative attractiveness of alternative measures is the

Quantitative Strategic Planning Matrix (QSPM), which compiles stage 3 of the analytical framework of strategy formulation. This technique objectively shows which strategy is the best. QSPM uses the input analysis from stage 1 and the matching results from the 2nd stage analysis to objectively determine the strategy to be implemented among the alternative strategies. Razmi in Mirzakhani, *et al* (2014), QSPM is one of the decision-making tools which helps managers to prioritize and choose the strategies they need.

3. Research Methodology

This research used the descriptive qualitative method. The qualitative research method is often called naturalistic research method because the research is done in natural conditions (natural settings). Indrawati (2015: 206), a qualitative research method is also a research method which involves the analysis of data in the form of description and the data is not directly quantifiable. Qualitative research method is a research method used to examine the condition of natural objects, (as opposed to experiments) in which the researchers are as the key instruments, sampling of data sources is conducted purposively and in snowball-like, the collecting technique uses triangulation (merges), data analysis is inductive / qualitative, and the qualitative research results emphasize more on meaning than generalization. Qualitative data analysis is inductive which means the analysis is based on the data obtained, then a certain relationship pattern is developed or become a hypothesis. If the data which have been collected repeatedly using triangulation technique shows that the hypothesis is accepted, then the hypothesis is developed to become a theory. In this study, the researchers used data analytical technique model of Miles and Huberman. Miles and Huberman in Sugiyono (2013: 430) suggest that the activities in the qualitative data analysis are carried out interactively and continuously until it is complete, so the data have then been saturated. The activities in data analysis are *data reduction*, *data display*, and *conclusion drawing / verification*.

4. Discussion

4.1 The First stage – (Input Stage)

Internal Factor Evaluation - IFE *Matrix* is used to determine internal factors which affect the competitiveness of a company related to the strengths and weaknesses which are considered important. The weights are generated based on the priority determined by the interviewees, to obtain the weight of 1, the two factors are firstly divided to get the respective total value of 0.5. The weights then are assigned according to the predetermined priority in order to have the appropriate weight values. The rating is obtained from the average rating of the three interviewees which then become the average rating figure. Rounding up is done if the average rating result is $\geq$ 0.5 and rounding down is done if the average result is < 0.5. The weight is after that multiplied with the rating to generate a score, then all scores are totaled to gain the total score of IFE-*Matrix*. The following is the table of IFE-*Matrix*

Table 1. IFE Matrix

	Internal Factors	Weight	Rating	Score
	Strengths			
1	Motion graphics is the best product of Monoponik compared with the competitors	0.15	4	0.6
2	Combination ability by adapting external style and internal style	0.071	3	0.213
3	Team cohesiveness as the result of kinship coaching	0.054	4	0.216
4	Continuous product development	0.058	3	0.174
5	Most of the products are in accordance with the wishes of the clients	0.047	3	0.141
6	Always revise the project to maintain the quality of the product	0.12	3	0.36
	Weaknesses			

	Internal Factors	Weight	Rating	Score
1	The marketing is not maximized	0.069	2	0.138
2	Bad financial system	0.15	2	0.3
3	The company's website has not been optimized	0.145	1	0.145
4	Unclear organizational structure	0.056	2	0.112
5	The existing production equipment have not fully supported the business activities	0.033	2	0.066
6	The CRM has not run well	0.047	2	0.094
	Total	1		2.559

From the results of the analysis in Table 3.1, it is known that the strength factor with the greatest weight is number 1 of 0.15 and the weakness factor with the biggest weight is number 2 in the amount of 0.15. The total IFE-*Matrix* score obtained is 2.559. After that the EFE-*Matrix* analysis is done. In the *External Factor Evaluation-Matrix* process analysis, several probability factors and some threat factors are weighted and rated for scoring each factor, then the scores are summed up to get the total score of EFE-*Matrix* . Like IFE *Matrix,* the weight of EFE-*Matrix* is also generated based on the priority specified by the interviewees, to obtain the total weight of 1, the two factors must firstly be divided into the value of 0.5 for each of them, after that, the weights are assigned according to the predetermined priority to generate the appropriate weight value. The rating is obtained from the average rating of the three interviewees to generate the average rating figure, it will be rounded up if the average rating result is $\geq$ 0.5 and rounded down if the average result is < 0.5. The weights are then multiplied by the ratings to get the scores, next all scores are totaled to attain the total score of the EFE-*Matrix*. The *External Factor Evaluation* - (EFE) *Matrix* is used to evaluate the external factors which determine the company's success in the competition. The following is the table of EFE-*Matrix*:

Table 2. EFE Matrix

	External Factors	Weight	Rating	Score
	Opportunities			
1	Government policy in creative industry growth	0.1	2	0.22
2	The creative climate of Bandung city	0.12	3	0.45
3	Bandung city as a world design city	0.05	2	0.12
4	There is no substitute of Monoponik's products	0.03	2	0.1
5	The influence of western design culture is growing rapidly	0.1	2	0.22
6	Rapid technological developments	0.1	3	0.36
	Threats			
1	Rapidly changing trend of design	0.18	3	0.45
2	Tight competition because of the increase of new competitors	0.17	2	0.26
3	Rapid growth of both new and existing competitors as they continue to innovate	0.15	3	0.36
	Total	1		2.55

Based on the results of the analysis in Table 3.2, it is known that the opportunity factor with the biggest weight is number 2 of 0.12 and the threat factor with the biggest weight is number 1 of 0.18. The total EFE-*Matrix* score obtained is 2.55. The total score obtained will then analysed in the second stage which is the matching stage of the IE-*Matrix* analysis.

4.2 The second stage – (Matching stage)

After the completion of the first stage analysis test, then the second stage is carried out firstly through the analysis of IE-*Matrix* test to determine the position of Monoponik. Both total score results of IFE-EFE *Matrix* will be analysed in this test. The following is the analysis test results of IE-*Matrix*:

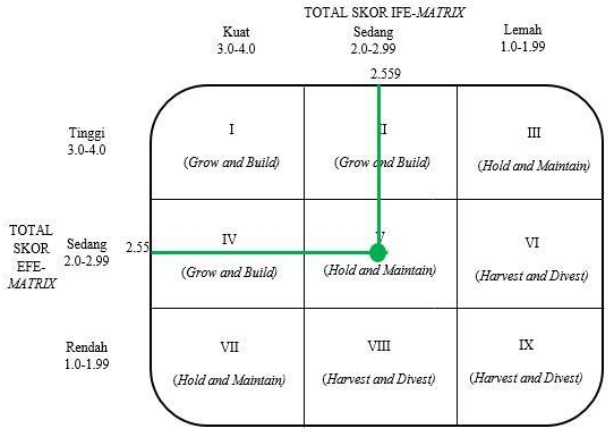

Fig 1. IE-*Matrix*

The total internal score of Monoponik is 2.559 which falls into the medium category meaning that Monoponik is neither strong nor weak in maximizing the strength and minimizing the company's weakness so it can achieve the company's goal, then the total external score of Monoponik is 2.55 which can be categorized medium, meaning that Monoponik is neither strong nor weak in taking advantage of the opportunities and overcoming threats. From the results of IE-*Matrix* which have been analyzed, it can be concluded that the position of Monoponik company is diesel V which means hold and maintain. In the V cell quadrant, there are 2 strategies including market penetration and product development. After conducting the analysis of IE-*Matrix*, then it is continued by doing the SWOT analysis to generate strategies which fall into the categories of market penetration and product development. Here are the SWOT results which have been analysed:

Table 4. SWOT *Matrix*

	Strengths (S):	Weaknesses (W):
	1. Motion graphics is the best product of Monoponik compared with the competitors. 2. Ability to combine the overseas styles and domestic ones. 3. Team cohesiveness due to kinship coaching. 4. Continuous product development. 5. Most of the products are in accordance with the wishes of the clients. 6. Always revise the project to maintain the quality of the products	1. Marketing is not maximized. 2. The financial system is not good. 3. The company website is not yet optimized. 4. Unclear organizational structure. 5. The availability of production equipments have not fully supported the business activities. 6. The CRM has not run well
Opportunities (O) : 1. Government policy in creative industries growth. 2. The creative climate of Bandung city 3. Bandung city as a world design city 4. There is no substitute of the Monoponik's product 5. The influence of western design culture is growing rapidly 6. Rapid technological developments	SO strategies : 1. (S2-S4-O5) Increasing the references of overseas / western design styles which can be combined or adapted to create better products. 2. (S1-O1-O2-O3) Contributing together with the government to support the policy of developing creative industries through Monoponik's best Motion Graphic works with the theme of Bandung city to steal the attention of prospective domestic and	WO strategies : 1. (W1-O6) Utilizing technology to improve the marketing system to find new market opportunities. 2. (-W2-W3-W5-O6) Improving the financial system and website as well as providing the latest production tools to take advantage of the increasingly sophisticated technological developments.

	foreign clients.	
Threats (T) : 1. The design trend is changing rapidly 2. Competition becomes tighter as the new competitors increase. 3. Rapid growth of both new and existing competitors as they continue to innovate.	Strategy ST: 1. (S2-S4-T1-T3) Innovating the products through a combination of design styles by observing the rapidly changing graphic design development to create new trends of graphic design to compete with the competitors. 2. (S6-T2) Maintaining product quality for the customer satisfaction to keep them loyal to Monoponic as new competitors also increase and it may not easy get new customers	Strategy WT : 1. (W4-W6-T2-T3) Immediately improve the organizational structure by establishing a clear and targeted divisions to accelerate the growth of the company. 2. (W6-T2) Improve and maintain good relationships with the customers and suppliers

The SWOT test analysis has resulted in 8 strategies to support market penetration and product development. There are 2 strategies for each SO, WO, ST, and WT. After performing the IE-*Matrix* and SWOT analysis tests in the second stage, then it was proceeded by performing the QSPM analysis test in the third stage.

4.3 The third stage – (Decision stage)

QSPM is the tool that allows the strategists to evaluate alternative strategies objectively, based on previously identified key internal and external success factors. The needed strategies include market penetration and product development. The weight values for each internal and external factors are obtained just like how to get the IFE and EFE *Matrix* scores which have been analysed before, then the attractiveness Score (AS) is obtained just like how to get the rating value in IFE and EFE *Matrix* analysis i.e. the average answer given by the three interviewees is rounded up if the average result is ≥ 0.5 and rounded down if the average result is <0.5. The weight is multiplied by the *Attractiveness Score* to generate *Total Attractiveness Score*, then all the total scores are summed to get the total QSPM score.

Table 5. QSPM

Alternative Strategies						
				Market penetration	**Product Development**	
	Major factors	**Weight**	**AS**	**TAS**	**AS**	**TAS**
Opportunities						
1	Government policy in the development of creative industries	0.1	3	0.33	3	0.33
2	The creative climate of Bandung city	0.12	4	0.6	4	0.6
3	Bandung city as a world design city	0.05	3	0.18	4	0.24
4	There is no substitute of Monoponik product	0.03	2	0.1	3	0.15
5	The influence of western design culture is growing rapidly	0.1	3	0.33	3	0.33
6	Rapid technological developments	0.1	3	0.36	3	0.36
Threats						
1	The design trend is changing rapidly	0.18	3	0.45	3	0.45
2	Competition is tight as the new competitors increase	0.17	3	0.39	3	0.39
3	Rapid growth of both new and existing competitors as they continue to innovate	0.15	3	0.36	3	0.36
Strengths						
1	Motion graphics is the best product of Monoponik compared to the competitors	0.15	3	0.45	3	0.45
2	Ability to combine and adapt overseas styles and the domestic ones	0.071	3	0.213	3	0.213
3	Team cohesiveness due to kinship coaching	0.054	2	0.108	4	0.216
4	Continuous product development	0.058	3	0.174	4	0.232
5	Most of the products are in accordance with the wishes of the clients	0.047	3	0.141	3	0.141
6	Always revise the project to maintain the quality of the products	0.12	4	0.48	4	0.48
Weaknesses						
1	The marketing is not maximized	0.069	3	0.207	4	0.276

2	The financial system is not good	0.15	3	0.45	4	0.6
3	Company's website has not been optimized	0.145	3	0.435	4	0.58
4	Unclear organizational structure	0.056	3	0.168	2	0.112
5	The availability of production equipment have not fully supported the business activities	0.033	3	0.099	3	0.099
6	The CRM has not run well	0.047	3	0.141	3	0.141
	Total			6.156		6.71

From the analysis results of QSPM *Matrix* data, it was found that the total score of each strategy is different. Market penetration as the first alternative strategy has a total score of 6.156 while product development as a second alternative strategy only gets a total score of 6.71, thus from the two strategies, the appropriate one to be implemented in Monoponik is product development because its total score is bigger than that of market penetration strategy.

5. Conclusion

Based on the analyzed research results, the conclusions which go along with the formulation of the problems and research objectives are as follows:

1. The first stage of the strategy formulation which is the input stage has resulted in the internal and external factors from interviews and observations which after that the data were analyzed through IFE-EFE *Matrixes.* In accordance with the first and second purposes of the research, 12 internal factors were obtained consisting of 6 strength factors and 6 weakness factors, and 9 external factors consisting of 6 opportunity factors and 3 threat factors. The result of the IFE *Matrix* analysis has obtained a total score of 2.559 and the EFE *Matrix* has obtained a total score of 2.55.

2. The second stage of strategy formulation which is matching stage has generated the data analysis from IE *Matrix* and SWOT *Matrix*. The result of IE *Matrix* has positioned Monoponik in cell V with the alternative strategy of *hold and maintain* between the strategies of market penetration and product development. The SWOT has resulted 8 strategies containing 2 strategies of each SO, WO, ST, and WT.

3. The third stage of strategy formulation is the decision stage which is done with QSPM analysis to fit the third research objective. Based on the results of IE *Matrix* on the 2 strategies, the QSPM analysis results revealed that product development strategy is the appropriate and suitable one to be implemented in Monoponik with a total score of 6.71 compared to market penetration strategy which only has a total score of 6.156. Based on the results of SWOT *Matrix*, in product development, there are several alternative strategies as follows:

   A. Increase the references of overseas / western design styles which can be combined or adapted to create better products.
   B. Conduct product innovations by combining different design styles and observe the rapidly changing graphic design developments to create a new trend of graphic design to win the competiton against competitors.
   C. Improve the financial system and website and procure the latest production equipment to get along with the utilization of the increasingly sophisticated technological developments.
   D. Immediately improve the organizational structure by establishing a clear and targeted divisions to be able to grow the company quickly.

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