



## BUSINESS DEVELOPMENT STRATEGY USING SWOT ANALYSIS METHOD IN CULINARY INDUSTRY

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**Abstract:** *The culinary industry is increasingly growing in Indonesia. Data from the Indonesian Creative Economy Agency in 2016 shows that the culinary sub-sector contributes 41.4 % of the total contribution of the creative economy with a total value of IDR 922 trillion. This amount is the highest compared to the other 16 sub-sectors. This article presents a study on a merchant of modern contemporary food that has managed to sell 400 kg per month. The research objective is to provide the results of an assessment based on a SWOT (Strength Weakness Opportunity Analysis) to maintain and improve sales performance. The expected research contribution is a business strategy for small and medium enterprises (SME) in enhancing a sustainable business.*

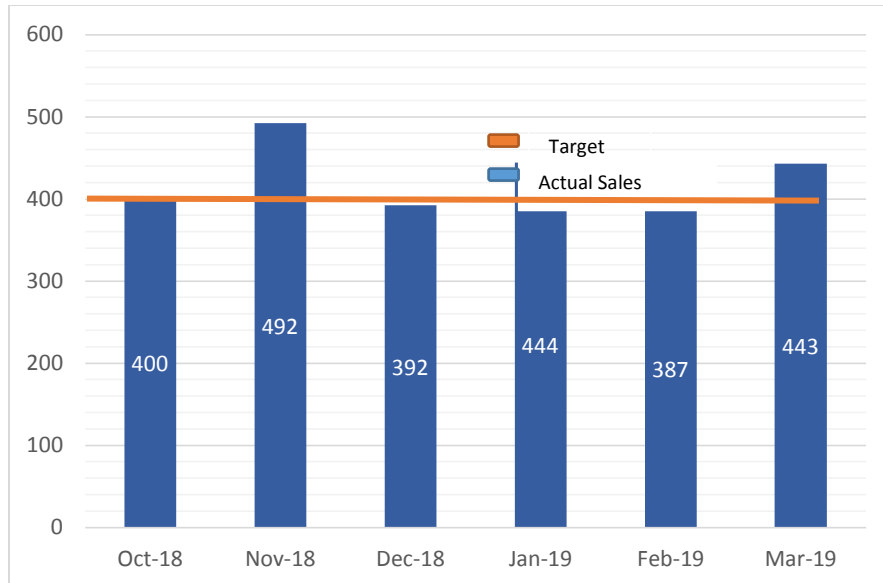
**Keywords:** Culinary Industry, SWOT, SME, Strategy

### INTRODUCTION

The culinary industry is increasingly growing in Indonesia. Data from the Creative Economy Agency (Bekraf) of the Republic of Indonesia noted that the culinary sub-sector contributed 41.4 % of the total creative economy contribution of IDR 922 trillion in 2016. This amount is the highest compared to 16 other sub-sectors in Bekraf RI. Culinary is one of the pillars of the creative industry. Of the 8.2 million creative industry units, 68 % are engaged in the culinary industry. One of the businesses that continue to grow and is widely looked at is business in the culinary or food sector. Food and drink are the basic needs of every individual every day. The culinary industry also has many categories, ranging from snacks (snacks) drinks to staple foods. All types in this culinary business (snacks, drinks, staples) have great potential, depending on how we market them

The culinary business is a business opportunity that is quite promising and profitable even though you have to start with small capital. Still, if you have the right ideas and strategies, the business we are running will develop. Many people find it challenging to start a business or business just because of limited capital. However, the role of money as business capital only plays a role in ensuring the business's success. Food businesses should choose a place where the environment is busy people and has high purchasing power. Examples of the ideal food business locations are campus areas, offices, terminals, and tourist areas. This research used an approach of a study case on a merchant of modern temporary food to identify challenges, opportunities, and growth potential. Figure 1. showed a trend of sales from a merchant of modern contemporary food in the Bogor district.

Figure .1 Sales & Target Graph of a Merchant Of Modern Contemporary Food (Kg)



Source: Culinary Merchant in a Study Case

Merchant of Modern Temporary Food has a sales target of 400 kg per month. If you look at the sales data above for the last 6 months, monthly sales at Merchant of Modern Temporary Food tend to be unstable and have experienced a decline in sales several times. However, the decline in sales at Merchant of Modern Temporary Food is not too significant from the last six months. This business requires a comprehensive strategy to maintain and improve sales.

SWOT (Strength Weak Opportunity and Threat) is an alternative strategy that could be analyzed based on adjustments between internal strengths and weaknesses with external opportunities and threats (Caroline and Lahindah, 2018). As one of the business actors in the food sector, Merchant of Modern Temporary Food currently does not have a strategy facing various existing competitions and tremendous opportunities. Therefore, it is necessary to research business development strategies in Merchant of Modern Temporary Food to determine what strategies are suitable for increasing business in Macaroni to increase sales that reach predetermined targets. , the objectives of this study to identify internal factors that are the strengths and weaknesses of developing a food and beverages business, knowing external factors that become opportunities and threats that will influence the food and beverages business in Bogor, thoroughly understanding the right marketing strategy to develop a food and beverages business in Bogor based on SWOT analysis, and finally finding out the right strategy to overcome the existing problems.

### Strategy

Strategy is a shared means of long-term goals to be achieved. Business strategies include geographic expansion, diversification, acquisition, product development, market penetration, tightening, divestment, liquidation, joint ventures, or joint ventures (Fred, 201). Strategy is realized in potential actions that require top management decisions and large amounts of company resources. Strategy implementation is carried out in the form of a motion or activity carried out by a person or company to achieve predetermined goals or objectives. Historically, the term strategy comes from Greek, namely "strategia", which means the art or science of becoming a general (Tjjiptono, 2006). Classically, strategy is defined as a plan for the division and use of military power in certain areas to achieve specific goals.

The concept of strategy can be defined based on two different perspectives from what the organization wants to do and what the organization ultimately does (Freeman and Gilbert, 2005). The strategy boils down to a comprehensive master plan, explaining how the company will achieve all the goals set based on the mission set (Rangkuti, 2013). The strategy consists of several large-scale projects, with a future orientation, to interact with competitive conditions to achieve goals (Pearce and Robinson, 2008). From some of the descriptions above, strategy



synthesis is an action planning process to achieve predetermined goals by doing continuous things according to joint decisions and customer needs.

### *Strategy Development*

Before defining development strategy, the keyword "development" is essential meaning in how strategy developed. Definition of the strategy has been described above, whereas the development involved knowledge and technology to boost strategy in achieving a goal. According to the Law of the Republic of Indonesia Number 18 of 2002, development is a science and technology activity that aims to utilize proven scientific principles and theories to improve the functions, benefits, and applications of existing science and technology or produce new technology. Development generally means a pattern of growth, gradual change (evolution), and gradual change towards improvement. Development means the process of translating or describing design specifications into physical features (Seels & Richey, 2012).

Development means the process of producing learning materials explicitly. This definition approach focuses its attention not only on needs analysis but also on broad issues about the beginning-end analysis, such as contextual analysis (Sumarno, 2012). The development objectives in various versions are linked to produce a product based on field test findings. In essence, development is an educational effort both formal and non-formal, carried out consciously, planned, directed, regularly, and responsibly to introduce, grow, guide, and develop a balanced, intact, harmonious, knowledge, skill base personality, desire, and abilities, as provisions for one initiative to add, improve, develop oneself towards achieving optimal dignity, quality and human capabilities, and an independent person (Wiryokusumo, 2011). From the explanation above, it can be concluded that development is an effort carried out consciously, planned, directed to make or improve so that it becomes an increasingly helpful product to enhance the quality to create better quality. Strategy Development means creating strategy by an action carried out consciously, planned, directed to make or improve to become an increasingly helpful product to enhance the quality to create better quality.

### *SWOT*

Strength, Weakness, Opportunities, and Threat (SWOT) Analysis evaluates all the strengths, weaknesses, opportunities, and threats in an individual or organization (Kottler, 2008). Strategic management is an integral part of the SWOT analysis used to identify the company's main strengths and weaknesses (Pearce and Robinson, 2008). These main weaknesses and strengths are compared with external opportunities and threats to generate various alternative strategies. Organizations use SWOT analysis as an internal and external company instrument that relies on an annual medium-term and long-term database (Yusanto and Wijdajakusuma, 2003).

SWOT Analysis consists of steps that are carried out based on a logic that can maximize strengths and opportunities, and at the same time, minimize weaknesses and threats (Rangkuti, 2013). This analysis aims to identify various factors to formulate corporate strategy systematically (Irfan et al., 2020). The SWOT approach is based on the most basic analysis method, which helps determine topics and problems from four different sides of S-W-O-T (Rais, 2009). This analysis is a direction or recommendation to maintain or increase the existing strengths and opportunities and reduce weaknesses and avoid threats.

SWOT consists of :

1. S = Strength
2. W = Weaknesses
3. O = Opportunities
4. T = Threats

### *Strength (S)*

Analysis of the strengths focuses on situations or conditions that are the strengths of an organization or company at this time (Namugenyi et al., 2019). This analysis needs to be done in that every company or organization needs to assess its strengths and weaknesses compared to its competitors (Quezada et al., 2019). For example, suppose the strength of the company is superior in technology. In that case, that advantage can be used to fill market segments that require more advanced levels of technology and quality.



*Weaknesses (W)*

Analysis of weaknesses focuses on situations or conditions that are weaknesses of an organization or company (Quezada et al., 2019). It is a way of analyzing weaknesses in a company or organization that are serious obstacles to a company's progress or organization.

*Opportunity (O)*

Analysis of opportunities focuses on situations or conditions that are opportunities outside of an organization or company and provide opportunities to develop for the organization in the future (Quezada et al., 2019). This method is to look for opportunities or breakthroughs that allow a company or organization to develop in the future (Thomas, 2019).

*Threats (T)*

Analysis of threat is a way of analyzing the challenges or threats that a company or organization must face to deal with various kinds of unfavourable environmental factors in a company or organization that cause setbacks (Vogeser & Zhang, 2018). If not resolved immediately, this threat will become a barrier for a business concerned both in the present and future (Rajendran & Pagel, 2020). SWOT analysis method can be considered the most basic analysis method, which helps look at a topic or a problem from 4 four different sides.

The SWOT analysis results are in the form of directions or recommendations to maintain strength and increase profits in current opportunities while reducing shortages and avoiding threats (D'Adamo et al., 2020). This analysis will help to see what has been forgotten or not seen so far if appropriately used. SWOT analysis is a valuable instrument in conducting a strategic analysis (Thamrin & Pamungkas, 2017). This analysis acts as a tool to minimize the weaknesses in a company or organization and reduce the impact of threats that arise and must be faced.

## MATERIALS AND METHOD

The research objective is to provide the results of an assessment based on a SWOT (Strength Weakness Opportunity Analysis) to maintain and improve sales performance. For achieving this objective, two research questions are proposed

1. What external factors are the opportunities and threats in developing a food and beverages business
2. How to determine the right marketing strategy to develop a food and beverages business in Bogor based on a SWOT analysis

This study two research questions above to improve the business opportunity by using SWOT analysis. For achieving the research objective, the approach used a case study on a merchant of modern contemporary food in an SME in Bogor district, Indonesia. A case study involves an up-close, in-depth, and detailed examination of a particular case or case within a real-world context. It focused on SWOT analysis. A case study in this article covers a specific approach by providing

SWOT analysis to boost SME in the culinary industry. The choice of research subject in a merchant of modern contemporary food in an SME in Bogor district relied on observation to some SMEs in the culinary industry. After identifying findings based on SWOT analysis, this study provides a strategy according to the research objective. From beginning to the results, the SWOT analysis process includes providing SWOT strategy, and all steps involved business owner, academics, government support staff, and merchant operator. Through Focus Group Discussion (FGD), identify SWOT aspect of crucial factors to the business and ranking priority every element.

## RESULTS AND DISCUSSION

The SWOT matrix is an approach to obtain alternative strategies by combining each of the factors, namely the SO strategy (strengths-opportunities), WO strategy (weaknesses-opportunities), ST strategy (strengths-threats), WT strategy (weaknesses-threats). From the results of the FGD, observation, interview, and document review, the results of the SWOT analysis state as follows:

- a. SO strategy



SO strategy is a strategy that results from a perspective that companies or business units can use their strengths to take advantage of various opportunities. SO strategies for the food and beverage company in Bogor are:

1. Maintain price and quality to remain the choice of consumers.
2. Adding more outlets in strategic locations while maintaining the quality of service so that products are better known to the public.
3. Maintaining a different taste identity so that the product is popular with the community.

b. ST strategy

ST strategy is a strategy that results from a perspective that companies or business units can use their strengths to avoid threats. ST strategy for a food and beverage company in Bogor, namely:

1. Always appear innovative to continue to compete with competitors.
2. Choosing the best raw materials to maintain product quality.
3. Continue to provide good service so that consumers do not turn to competitors.

c. WO strategy

WO strategy results from a perspective that the company or business unit can take advantage of existing opportunities to overcome weaknesses. WO strategies for a food and beverage company in Bogor, namely:

- 1 Adding menu and product taste so that consumers are satisfied and do repeat orders.
- 2 Selling products on the marketplace to make it easier for consumers to get products.
3. Creating a suitable parking area so that consumers feel comfortable.

d. WT strategy

WT strategy is a strategy that is defensive and aims to minimize all weaknesses and threats. The WT strategy for a food and beverage company in Bogor, namely:

1. Always be innovative in making the latest product variants so that consumers remain satisfied.
2. Expanding marketing with online media to make it better known to the public.
3. Improve facilities so that consumers feel comfortable.

The IFAS (Internal Factor Analysis Strategy) and EFAS (External Factor Analysis Strategy) factor analysis above is stated in Table 1 below.

Table 1. SWOT Matrix

<b>INTERNAL FACTORS</b>          <b>EXTERNAL FACTORS</b>	<b>STRENGTH (S)</b> 1. Price is cheaper than competitors 2. Product packaging uses plastic clips to make it easier for consumers to store 3. Have a different taste identity 4. Always provide pleasant service	<b>WEAKNESS (W)</b> 1. Not using the marketplace 2. Inadequate place facilities 3. The parking lot is very narrow 4. Menu variants and less taste 5. Brand is less well known
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Tabel 5.1 Matriks SWOT (Lanjutan)

<p><b>OPPORTUNITIES (O)</b></p> <ol style="list-style-type: none"> <li>1. There are repeat orders from consumers</li> <li>2. There are no competitors around the outlet</li> <li>2. 3.Products are in vogue for the community</li> <li>3. 4. Strategic location of outlets</li> </ol>	<p><b>SO STRATEGY</b></p> <ol style="list-style-type: none"> <li>1. Maintain price and quality to remain the choice of consumers. (S1, O2)</li> <li>2. Adding more outlets in strategic locations while maintaining service quality so that products are better known to the public (S4, O2, O3)</li> <li>3. Maintain a different taste identity so that the product is favoured by the community (S3, O3)</li> </ol>	<p><b>WO STRATEGY</b></p> <ol style="list-style-type: none"> <li>1. Adding menus and product flavours so that consumers are satisfied and do repeat orders. (W4, O1)</li> <li>2. Selling products on the marketplace to make it easier for consumers to get products (W1, O3)</li> <li>1. 3. Make a proper parking area so that consumers feel comfortable (W3, O3, O4)</li> </ol>
<p><b>THREAT (T)</b></p> <ol style="list-style-type: none"> <li>1. Consumers can switch to products owned by competitors</li> <li>2. The price of raw materials can go up at any time</li> <li>3. Competitors are more innovative</li> <li>4. Brand competitors are more attached to society</li> </ol>	<p><b>ST STRATEGY</b></p> <ol style="list-style-type: none"> <li>1. Always appear innovative to continue to compete with competitors (S2, T3, T4)</li> <li>2. Choosing the best raw materials to maintain product quality (S3, T1, TS)</li> <li>3. Continue to provide good service so that consumers do not switch to competitors (S4, T1, T4)</li> </ol>	<p><b>WT STRATEGY</b></p> <ol style="list-style-type: none"> <li>1. Always innovative in making the latest product variants to keep consumers satisfied (W4, T3, T1)</li> <li>2. Expanding marketing with online media to make it better known to the public (W1, W5, T1)</li> <li>1. 3. Improve facilities so that consumers feel comfortable (W2, T1)</li> </ol>

The next step is to menu the Matrix Grand Strategy. Based on the weight and score determination for each of the SWOT (Strength - Weakness - Opportunity - Treatment) aspects of IFAS and EFAS, the results show that the score for the strength factor is 3 and the score for the weakness factor is 2.1. Meanwhile, based on table 4.2, the EFAS matrix, the score for the opportunity factor is 3.4, and the score for the threat factor is 1.6.

SWOT has to determine the difference in score scores, and the next step is to use the formula  $(S-W) / 2$  for internal factors,  $(O-T) / 2$  for external factors. The following is the result of the difference in the score of internal factors and external factors. The following is in Table 2. below the results of the SWOT Analysis calculation.

Table 2. SWOT Analysis Score

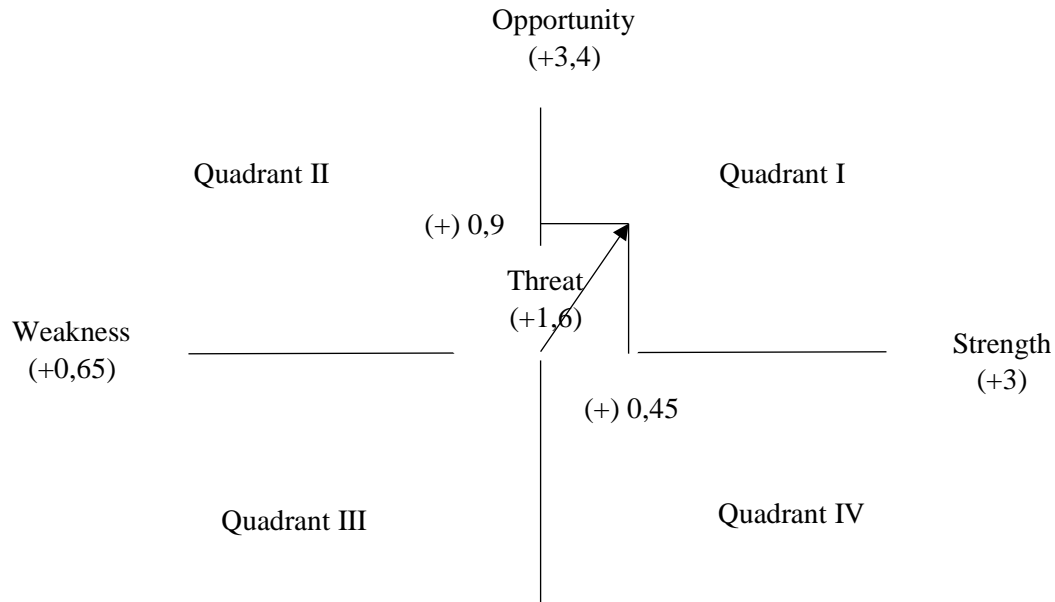
Faktor	Nilai skor	Hasil
<b>Internal</b>		
Kekuatan ( <i>strength</i> )	3	+0,45
Kelemahan ( <i>weakness</i> )	2,1	
<b>Eksternal</b>		
Peluang ( <i>opportunities</i> )	3,4	+0,9
Ancaman ( <i>threats</i> )	1,6	

Dari hasil identifikasi seluruh faktor internal dan eksternal serta penentuan selisih nilai skor. Faktor internal mendapatkan hasil +0,45 dan faktor eksternal mendapatkan hasil +0,90. kemudian digambarkan dalam matriks grand strategy. Untuk mengidentifikasi katagori uadran I, II, III, IV dalam menggambarkan posisi organisasi, maka



dibuat Figure 1. untuk memudahkan analisis dan melihat posisi SWOT secara keseluruhan sehingga bisa dibuat Matrik Grand Strategy.

Figure 1. Matriks Grand Strategy



Pada Figure 1 di atas Matriks Grand Strategy menunjukkan organisasi berada di kuadran I, Pada Kuadran I mewakili perusahaan dengan pertumbuhan pasar yang tinggi dan posisi kompetitif yang kuat. Perusahaan pada kuadran ini mempunyai posisi yang sangat bagus. Untuk perusahaan ini, terus berkonsentrasi pada pasar saat ini (penetrasi pasar dan pengembangan pasar) dan produk saat ini (pengembangan produk) adalah strategi yang sesuai. Score keseluruhan aspect SWOT bisa dilihat di Table 3 di bawah ini.

Table 3. Strategy Combination Score

<b>INTERNAL FACTORS</b>  <b>EXTERNAL FACTORS</b>	<b>STRENGTH (S)</b>	<b>WEAKNESS (W)</b>
	<b>SO STRATEGI</b> $= 3 + 3,4$ $= 6,4$	<b>WO STRATEGI</b> $= 2,1 + 3,4$ $= 5,5$
<b>OPPORTUNITIES (O)</b>		



<b>THREATS (T)</b>	<b>ST STRATEGI</b> = 3 + 1,6 = 4,6	<b>WT STRATEGI</b> = 2,1 + 1,6 = 3,7

The combination of strategies is presented in Table 3. Above is an analysis of a quantitative strategy formulation analysis based on the total score scores for each of the existing factors and each strategy for SO, WO, ST, and WT strategies. Based on this table, the food and beverage company in Bogor should take advantage of the SO strategy because it has the highest score value of 6.4 when compared to other strategies, then followed by the WO strategy with a value of 5.5, the ST strategy with a value of 4.6 and finally, the WT strategy with a value of 3.7. In the SWOT matrix analysis results with quantitative model analysis to obtain an adequate formulation of the SO strategy, by using strength to take advantage of various opportunities, the implementation of the SO strategy is (1) Maintaining price and quality so that it remains the choice of consumers. (2) Adding more outlets in strategic locations so that the products are better known to the public.

**CONCLUSION**

Internal factors that are the strengths and weaknesses of the food and beverage company in Bogor are strength (strength), lower prices than competitors, product packaging using plastic clips to make it easier for consumers to store, have a different taste identity, always provide pleasant service. Weaknesses, not using the marketplace, inadequate place facilities, very narrow parking area, lack of menu variants and flavours, less well-known brands. And external factors that become opportunities and threats to the food and beverage company in Bogor are opportunities. There are repeat orders from consumers. There are no competitors around the outlet, and products are popular with the community, strategic outlet locations. Threats, consumers can switch to products owned by competitors, raw material prices can increase at any time, competitors are more innovative, competitors' brands are more inherent in society.

The Merchant of Modern Contemporary Food organization is in quadrant I, which means a company with high market growth and a solid competitive position. Companies in this quadrant have a perfect place. Concentrating on the current market (market penetration and market development) and present products (product development) is a suitable strategy for this company. And in the results of the SWOT matrix analysis with quantitative model analysis to get an effective formulation, namely the SO strategy, by using the strength to take advantage of various opportunities, the implementation of the SO approach is to maintain price and quality so that it remains the choice of consumers. In addition, it is necessary to add more outlets in strategic locations such as close to schools, factories, and crowded centres so that the products are better known to the public.

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