Strategy Analysis of Small Industries in Semarang

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Abstract:
Background: *This research is focused on identifying the internal and external environments of SMEs in Semarang which are the basis for formulating a marketing strategy for the creative industry in general. This study aims to identify the marketing strategy of the SME creative industry in Semarang as an effort to be able to compete in general.*
Materials and Methods: *This research was conducted using a qualitative approach. This research was conducted in the city of Semarang, and was carried out for 2 months from October to December 2019. The sample in this study was the creative industry, namely SMEs engaged in the culinary field. This study uses a purposive sampling technique in determining samples from data sources using certain considerations so as to produce reliable data. The number of respondents used as this sample is 20 respondents.*
Results: *The results of the research can be concluded regarding the use of marketing strategies in the culinary sector SMEs as follows: Product development strategy is the right strategy to be implemented in dealing with competition, Using the overall strategy by paying attention to the sequence, namely product development strategy, market development strategy, and market penetration strategy.*
Conclusion: *Product development strategy is the right strategy to be implemented in dealing with competition, Using the overall strategy by paying attention to the sequence, namely product development strategies, market development strategies, and market penetration strategies.*
Key Word: *marketing strategy, creative industry, small industries.*

I. Introduction

In the era of intense competition in the business world today, SMEs need attention. The reason is that until now they have done a business activity or not all SMEs have developed a good marketing strategy or system to be able to compete with the market. SMEs are demanded to be able to see market opportunities and then focus only on growing their business without looking at the long-term prospects or the sustainability of competition in the future.

At present, small industries are closely related to the rise of creative industries. Some of the products produced by small industries fall into the category of creative industries, some products of small industries that enter the creative industries include specialty food, handicrafts, batik, embroidery, and so forth. Small industrial products categorized as creative industries still have opportunities to be developed. Its development needs the role of government policy. Besides the role of government, there are several other roles that are very influential, namely: 1) government; 2) business; and 3) scholars. Balanced and continuous integration between the three roles will accelerate the development of small industries categorized as creative industries.

In the managerial aspect, small industries have a good process, they already have a clear organizational structure that describes the responsibilities of each individual who works, but for the creative industry sector in the small industry sector, it has not fully encouraged employees to have high creativity. Small industrial owners generally conduct business activities with reference to business ethics that apply in Indonesia, for.

The formulation of strategy is widely explained in the science of strategic management. There are at least four basic elements of strategic management: 1) regarding observations of the internal and external environment; 2) formulation of strategy; 3) strategy implementation; and 4) evaluation and control strategies. Management is tasked with observing the external environment to see opportunities and threats and observing the internal environment to see the strengths and weaknesses of the company or industry. Factors that have an important influence on the company's future are often referred to as strategic factors, then summarized in the form of S.W.O.T. if translated means Strengths, Weaknesses, Opportunities, and Threats (Hunger and Wheelen, 2003: 9).

Explanation of strategy management is then drawn more specifically into the discussion of marketing strategies. According to Tjiptono et al. (2008: 283), a marketing strategy is a plan that describes the company's expectations regarding the impact of marketing activities or programs on product demand in certain target markets. Tjiptono et al. (2008: 337) marketing strategies are divided into two classifications namely primary marketing strategies and selective demand strategies. In essence, marketing strategies are formulated to retain old customers and attract new customers, with the aim and expectation that the level of sales of products and services by the company can increase so as to direct the company to a positive trend.

This research is focused on identifying the internal and external environments of SMEs in Semarang which are the basis for formulating a marketing strategy for the creative industry in general. This study aims to identify the marketing strategy of the SME creative industry in Semarang as an effort to be able to compete in general.

II. Literature Review

David and David (2016: 10) explain the company's internal environment divided into internal strengths and weaknesses of a company. Internal environment is a condition that can be controlled through company activities, both good and bad. The company's internal environment includes management, financial and accounting activities, marketing, production and operations, management information systems (MIS), and research and development (R&D) in a business. Identifying and evaluating organizational or company strengths and weaknesses is an important strategic management activity.

David and David (2016: 45) explain that the external environment is a condition that cannot be controlled by company activities. The company's external environment is divided into opportunities or opportunities that can be exploited by the company and threats that should be avoided by the company. The company's external environment is divided into five broad categories, namely: 1) economic strength; 2) political, government and legal power; 3) social, cultural, demographic, and environmental strengths; 4) competition power; and 5) the power of technology.

Law of the Republic of Indonesia Number 3 of 2014 concerning Industry explains the meaning of industry as all forms of economic activity that processes raw materials and / or utilizes industrial resources so as to produce goods that have added value or higher benefits, including industrial services. The Law of the Republic of Indonesia Number 20 Year 2008 concerning Micro, Small and Medium Enterprises explains that each micro, small and medium business has criteria.

To be able to survive and is able to improve its quality, universities are also required to always capture what's happening in their environment and are ready to emnghadapi changes. This is going to be a factor for the success of the college . As revealed by a researcher named Dill who conducted published in 1999 which revealed that an educational institution , must perform certain adaptations to the structure and process to improve the effectiveness of teaching and learning activities aik daklam environmental changes that are constantly changing .

The ability of universities as educational institutions to keep updating their knowledge through learning process is also noticeably more important now than ever before . Organizational learning is a process in which organizations use existing knowledge and build new knowledge to shape the development of new competencies is critical in a constantly changing environment (Kogut and Zander , 1992; Henderson and Cockburn , 1994) .

III.   Methods

This research was conducted using a qualitative approach. This research was conducted in the city of Semarang, and was carried out for 2 months from October to December 2019. The sample in this study is the creative industry, namely SMEs engaged in the culinary field. This study uses a purposive sampling technique in determining samples from data sources using certain considerations so as to produce reliable data. Certain considerations mean to set a sample that is considered most knowledgeable about what will be investigated by researchers. The number of respondents who made this smple is 20 respondents.

This research was carried out based on the stages of the strategy determination analysis framework (David and David, 2016: 169). This research uses several analytical tools namely, EFE, IEFE, and SWOT matrices.According to qualitative research, a reality is plural, always changing, so that there is no consistent, and repetitive as in the beginning. The way to report research on qualitative research is ideosyneratic and individualistic, there are always differences from each person, each researcher gives a report according to his own way of thinking, as well as on data collection, recording the results of observations and interviews contained individualistic elements.

IV. Result

David and David (2016: 181) explain that the IE Matrix is based on two key dimensions, namely the IFE weighted score on the X axis and the EFE weighted score on the Y axis. X axis IE Matrix, the weighted total score of the IFE from 1.0 to 1, 99 represents a weak internal position, a score of 2.0 to 2.99 represents an average internal position, and a score of 3.0 to 4.0 represents a firm's internal position. The Y-axis of the IE Matrix, the weighted total EFE score from 1.0 to 1.99 illustrates the company's internal position facing external conditions, is considered low, a score of 2.0 to 2.99 illustrates moderate or average conditions, and 3.0 to 4.0 depicts high conditions. The IE Matrix identifies internal and external positions based on the IFE and EFE Matrix in the MSME industry in SEmarang.

Total Skor IFE				
		Strong 3,0 – 4,0 4 3	Medium 2,0 – 2,99 2	weak 1,0 – 1,99 1
Total Skor Tertimbang EFE	high 3,0 – 4,0 3	I	II	III
	Medium 2,0 – 2,99 2	IV	V	VI
	low 1,0 – 1,99 1	VII	VIII	IX

Figure 2. IFE and EFE MSME Matrix in Semarang (data processed).

Based on the IE Matrix above, it is explained that the position of SMEs is in quadrant V (five). Quadrant V explained that the most appropriate strategy applied to MSMEs is the strategy of being detained and maintained, generally in this strategy it is necessary to conduct market penetration and product development. Market penetration is carried out with a marketing effort that is broader and stronger to support sales from MSMEs at this time is the limited marketing scope that only targets the Semarang area, market penetration can be done by efforts to expand the marketing area to outside the Semarang area. In addition to market penetration, MSMEs based on the IE Matrix must implement a product development strategy, product development referred to here is like improving the quality of packaging and labeling quality.

V. Discussion

The determination of the marketing strategy in this study was carried out by extracting initial information about the company's internal and external conditions. Internal and external conditions are described in the IFE and EFE Matrices which are presented at the input stage in a planning of determining the company's strategy. Input information and data obtained are then processed and matched at stage two or more commonly known as the matching stage. The matching phase has not produced the final strategy, which then requires to be processed again at the third stage, namely the decision stage. The three stages are researchers not only involve individuals from internal SMEs, but also involve discussions with external parties.

The IFE and EFE matrices show that SMEs in Semarang occupy vectors in the aggressive quadrant, which means that alternative strategy choices are considered to be the same as the three alternative strategies offered by the results of the SWOT Matrix and IE Matrix. The three alternative strategies resulted in the decision of SMEs in Semarang to be able to implement the strategy that was considered most appropriate with the first order to develop the product (product development), the second to develop the market (market development), and the third to do the market penetration strategy (market penetration). All three strategies can be implemented all or choose the path of implementing only one strategy, namely product development strategy (product development). This study only uses the SWOT matrix, and IE only at the matching stage. There is still a BCG and a grand strategy matrix that has not been used so that it can be an agenda for further research to use the method.

VI. Conclusion

Based on the results of the study it can be concluded regarding the use of marketing strategies in the culinary sector SMEs as follows: Product development strategy is the right strategy to be implemented in dealing with competition, Using the overall strategy by paying attention to the sequence, namely product development strategies, market development strategies, and market penetration strategies.

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