REVIEW OF COFFEE MARKETING STRATEGIES IN BUSINESS COMPETITION

Fadillah
Universitas Pamulang, Banten
fadillah0208@gmail.com

ABSTRACT

Increasing competition tension cannot be avoided. Information disclosure and the rapid pace of technology are the way. Developing a digital marketing strategy is a necessity. For those reason, this study aims to analyze several marketing strategies were compatible with the digital era. The research method used is descriptive qualitative, using three-stage decision, namely EFE Matrix, Competitive Matrix (CPM), IFE Matrix. Then the second stage is matching; SWOT Matrix and Big Strategy Matrix. The last stage is the Quantitative Strategic Planning Matrix (QSPM). The position of companies located in quadrant II needs to seriously evaluate their approach to the market. Even though their industry is growing, they cannot compete effectively, and they need to find out why the company's current approach is not effective and how companies can improve their competitiveness. In evaluating marketing strategies, the author analyzes the sustainability of the company. Based on the results of the above analysis, it is expected that a strategy that must be implemented by PT. Nedcoffe.

Keywords: Marketing Strategy, EFE Matrix, CPM Matrix, IFE Matrix, SWOT and Big Strategy Matrix, QSPM Matrix

PROEM

To improve product competitiveness, companies must improve product quality, service quality, facility quality, distribution quality and digital marketing strategies. It is expected that maximizing this potential can increase the company's competitiveness and profits.

In the digital age, many experts redefined consumer behavior and marketing. Today, consumers are the core of marketing. Technological progress and information disclosure, has become a tool for consumers to choose products or services. Realizing that, PT. Nedcoffe tried to improve the existing system. Strengthening the production

system as basic capital. Then integrate the management system into information, and collaborating with digital marketing promotions.

PT. Nedcoffe is a company engaged in the import-export industry. Products produced from PT. Nedcoffe is ground coffee with coffee beans obtained by buying from farmers with the type of Sumatran Robusta coffee. PT. Nedcoffe is also a coffee processing company and conducts business activities as the distribution, export and import of coffee as well as production related to coffee produced. The number of competitors that have sprung up in the coffee processing industry both domestically and abroad has forced PT. Nedcoffe to create the best ideas and strategies to increase the sales of ground coffee, which has declined in recent years, both in terms of sales and profits.

In terms of promotion and advertising of coffee products PT. Nedcoffe is very minimal. This is because, it requires a very large cost and the company has not been able to finance it. Whereas similar competitor products advertise intensively through road boards, print media, and electronic media. Competing companies dare to carry out these promotions, because they have sufficient financial resources. Competing companies are foreign companies that open branch factories in Indonesia. But the coffee company PT. Nedcoffe is only small scale even though it comes from abroad as well. Because of the lack of promotion and the existence of strong competitors, PT. Nedcoffe from year to year the number of production decreases. The company also loses and the company only relies on exports, while the domestic market share experiences setbacks. This has triggered the company to innovate so that the company continues to run as it should and there is no reduction in employees. One of the disadvantages of the company does not have a vision and mission so that the company does not have a goal and target in the success of sales. Actually the main condition of the company achieving success is having a clear vision and mission in order to determine the direction, step and company objective.
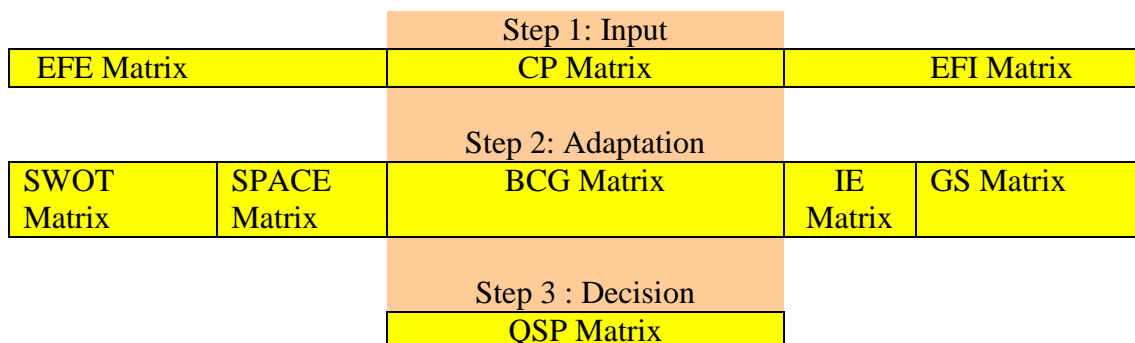
According to Lubis (2004), marketing strategies can deliver products to consumers, achieve success, and encourage consumers. The research result of Prawitasari and Pamungkas (2011) and Wibowo and Arifi. (2015), explain that marketing strategy is investment, which can reduce weaknesses and increase strength.

THEORETIC

Marketing strategy is the way companies deliver products and services to consumers, establish relationships with consumers and achieve goals. In many literature, companies strive to build strategies, especially in this era. The company's response to implement a marketing strategy is the success key. In fact, with marketing companies can surpass expectations, which is gaining the hearts of consumers (Saefulloh and Darma, 2014).

Widyaningrum (2012) states, strategy is a bridge that connects producers with consumers. That is, marketing methods need to be adaptive and dynamic. Because, with that, consumers get experience and knowledge in buying. Then, know the feedback about the most appropriate strategy to use. The strategy talks about the most appropriate and accurate steps. In accordance, meaning that the marketing method is able to increase the basic capital of producers in terms of limitations, or referred to as alternative solutions. While accurate, meaning is creative marketing methods, so that consumers feel new experiences (Noor, 2014 and Nurcholifah, 2014).

Munadi, Ekonomi & Gunadarma (2008) and Wisnubroto and Freitas (2013) Marketing strategy is a unique way. Unique meaning is not just an ordinary way, more than that marketing utilizes the advancement of technology as the main tool, and information as forecasting consumer needs. In fact, information is used to see opportunities and strengths in the future, namely building a management system based on technology and information with the aim of satisfying customers (Ramadhan and Sofiyah, 2013).

		Step 1: Input		
EFE Matrix		CP Matrix		EFI Matrix
		Step 2: Adaptation		
SWOT Matrix	SPACE Matrix	BCG Matrix	IE Matrix	GS Matrix
		Step 3 : Decision		
		QSP Matrix		

Source: Developed by the author, 2018

Figure 1. Strategy Management Framework

METHOD

The research method used is descriptive qualitative, using three-stage decision, namely EFE Matrix, Competitive Matrix (CPM), IFE Matrix. Then the second stage is matching; SWOT Matrix and Big Strategy Matrix. The last stage is the Quantitative Strategic Planning Matrix (QSPM).

As for several steps in the matrix (EFE Matrix, IFE Matrix, CPM Matrix)

1. Create external lists identified in the external audit process

2. Enter 10-20 main internal factors then write specifically using percentages, ratios, and comparison numbers

3. Give weight to each factor. The greater the weight the more important these factors are. The sum of all weights is equal to 1.0

4. Give ranks 1 to 4 to each of the key external factors to show how effective the company's strategy was at that time in responding to these factors. 1 = bad response, 4 = extraordinary response

5. Multiply each factor weight by ranking to determine the weighted value

6. Add the weighted value for each variable to determine the total weight value for the organization.

SWOT Matrix (Strenght, Weakness, Opportunities, Threat)

Table 1. SWOT Matrix

	Strengths – S	Weakness – W
Opportunities – O	**SO strategy** Use strength to take opportunities advantage	**WO Strategy** Overcome weaknesses by taking opportunities advantage
Treaths – T	**ST strategy** Use strength to avoid threats	**WT Strategy** Minimize weaknesses and avoid threats

Source: Developed by the author, 2018

The SWOT concept simply illustrates how to win the competition. However, each company must translate its own characteristics. The basis of applying this concept is carefulness and caution. Careless and reckless can result in large losses, but too careful results in a standard position. Might be lose the opportunity. The SWOT concept talks about how to implement strategies. Therefore, it is necessary to first compile a plan or map of company objectives. So, SWOT analysis can be adaptive with the company's vision and mission.

Grand Strategy Matrix (GS Matrix)

GS Matrix is used to see the position and strength possessed. So that it can formulate the most appropriate and needed strategy. The size is capital, optimization and maximization. Thus GS Matrix focuses on the utilization of company capital.

Fast market growth

	Quadrant II	Quadrant I
	1. Market development	1. Market development
	2. Market penetration	2. Market penetration
	3. Product development	3. Product development
	4. Horizontal integration	4. Forward integration
	5. Divestiture	5. Backward integration
	6. Liquidation	6. Horizontal integration
		7. Related diversification
Weakness competitive position	Quadrant III	Quadrant IV
	1. Cost rationalization	1. Related diversification
	2. Related diversification	2. Unrelated diversification
	3. Horizontal diversification	3. Joint Venture
	4. Divestiture	
	5. Liquidation	

Strength competitive position

Slow market growth

Source: Developed by the author, 2018

Figure 2. Grand Strategy Matrix (GS Matrix)

Quantitative Strategic Planning Matrix (QSPM Matrix)

1. Identify critical success factors both from external (opportunities and threats) and from internal. This information can be taken from the IFE and EFE matrix.

2. Determine the weighted average value according to the IFE and EFE matrix, place the value to the right of the critical success factor column

3. Evaluate analysis and select strategy recommendations from SWOT, SPACE, IE, and Grand Strategy that are relevant to the condition of the company.

4. Give weighting attractiveness scores (TAS). TAS is obtained from the results of multiplication between the weighted average values with the weight of each critical success factor.

5. Calculate and add up the TAS for each strategy.

RESULT

Below, a description and analysis of marketing strategies will be put forward. Both from the point of view of internal and external companies. Especially seeing from the various portions that must be fulfilled in each strategy that will be implemented.

Table 2. EFE Matrix

No	External Factors	Score	Rank	Value
	OPPORTUNITIES			
1.	Few competitors of coffee companies in the city	0.16	4	0.64
2.	Coffee drinking trends increase 5% per year	0.02	2	0.04
3.	Increase market share by opening branches in unreached areas	0.07	3	0.21
4.	Use of new technology to produce coffee	0.04	2	0.08
5.	Creating innovation in the aroma and taste of coffee	0.11	4	0.44
	THREAT			
1.	Unconducive climate	0.09	3	0.27
2.	Enter new competitors in similar industrial fields	0.15	2	0.3
3.	Competitors have large capital	0.13	4	0.52
4.	Electricity rates rise	0.18	3	0.54
5.	Competitors use the latest technology	0.05	2	0.1
	Sum	**1.0**		**3.14**

Source: Research data, 2018

The results of the EFE analysis above, the total score obtained reached 3.14 which means far above the average (2.5) so it can be concluded that this company has taken advantage of various opportunities and is quite responsive in anticipating various threats. The biggest opportunity is that there are two competing coffee companies in the area, and create innovations in coffee aroma and taste, each of which gets a rating of 4, and 3.14 indicates that the company has responded well enough to the opportunity, while the threat is competitors have large capital with a rating of 4, which affects the company in carrying out its business. The total number of 3.14 indicates that the company is effective in seeing and responding to opportunities that exist and can overcome any threats from outside the company. In other words, companies can focus on opportunities, making threats a controlling factor. So that every marketing strategy that will be carried out is the company's progress.

Table 3. IFE Matrix

No	Internal Factors	Score	Rank	Value
	STRENGTH			
1.	Have customers in 30 countries	0.15	4	0.6
2.	Has 161 suppliers	0.14	3	0.42
3.	Has a drying machine with a capacity of 25 tons / hour	0.10	3	0.3
4.	Has a plantation area of 1.2 million ha	0.13	4	0.52
5.	Make employees valuable assets	0.08	3	0.24
6.	Strong relationship with coffee farmers	0.06	3	0.18
	WEAKNESS			
1.	Large company maintenance and overhault costs	0.05	2	0.1
2.	Decreased income in recent years	0.12	1	0.12
3.	An uninformative website	0.09	1	0.09
4.	Factory location, far from urban areas	0.04	2	0.08
5.	Suppliers wait a long time for products	0.04	2	0.08
	Sum	**1.0**		**2.73**

Source: Research data, 2018

Based on the analysis of the IFE matrix above, the total score reached 2.73. This shows that this company has an internal weakness above the average. And from the table above, it can be seen that even though this company has a weakness of the decline in profits in recent years, and websites that are less informative. But behind these weaknesses, there is sufficient balancing force, which is equal to 2.73.

Table 4. Competitive Profile Matrix (CPM Matrix)

No	Key Success Factors	Nedcoffe			Nescafe		Lampung's Coffee	
		Score	Rank	Value	Rank	Value	Rank	Value
1.	Price competition	0.15	3	0.45	3	0.45	2	0.3
2.	Advertising	0.1	1	0.1	3	0.3	1	0.1
3.	Global Expansion	0.2	4	0.8	3	0.6	1	0.2
4.	Customer service	0.1	2	0.2	3	0.3	2	0.2
5.	Market share	0.15	3	0.45	3	0.45	2	0.3
6.	Customer loyalty	0.2	3	0.6	3	0.6	2	0.4
7.	Product quality	0.1	3	0.3	3	0.3	2	0.2
	Sum	**1.0**		**2.9**		**3.0**		**1.7**

Source: Research data, 2018

Based on the table the results of the CPM analysis above, shows PT. Nedcoffe has a fairly good competitive advantage in the global expansion factor, when compared to

its competitors, the main difference is thin with a total score of 2.9 from the total score of a maximum of 4.00. Where the matrix above shows that the Nescafe coffee company has the highest value of 3.0. While coffee Lampung is not the main competitor because it only has a total score of 1.7. This shows that the three companies compete and have a competitive advantage in each factor.

Table 5. SWOT Matrix

	Strengths – S	**Weakness – W**
	Strategi SO	**Strategi WO**
Opportunity – O	1. Surveying coffee products with various variations to consumers (S2, O3) 2. Retain existing customers (S1, O1)	1. Recruiting experts in mechanical engineering (W2, O2) 2. Providing the best service to consumers (W5, O1)
	Strategi ST	**Strategi WT**
Threats – T	1. Cooperating with the local agriculture department by providing counseling to coffee farmers (S6, T2) 2. Reducing debt by slowing down payments to banks (S3, T4)	1. Adding long-term credit (W4, T4) 2. Providing discounts to regular customers (W4, T5)

Source: Research data, 2018

The data in the table above is the result of the SWOT Matrix analysis of PT. Nedcoffe obtained several alternative strategies that need to be developed by the company, namely: Market Penetration, Market Development, Product Development.
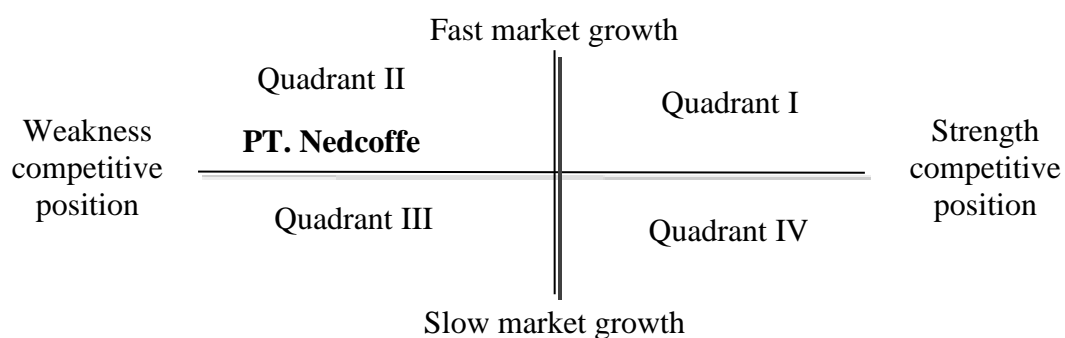
Source: Developed by the author, 2018

Figure 3. Grand Strategy Matrix Of PT. Nedcoffe

Companies located in quadrant II need to seriously evaluate their approach to the market. Even though their industry is growing, they are unable to compete effectively,

and they need to find out why the company's current approach is ineffective and how companies can improve their competitiveness. Therefore companies in Quadrant II are in a fast-growing market industry, intensive strategies (as opposed to integrative or diversified strategies) are usually the first choice to consider. However, if the company lacks specific competence or competitive advantage, horizontal integration can be a good alternative. As a last resort, divestment or liquidation can be considered. Divestment can provide the funds needed to acquire other businesses or buy back shares. In this case the company should diversify, among others, by recruiting experts in mechanical engineering, conducting strong cooperation with coffee farmers so that the threat of farmers' uncertainty can be minimized, the company can contract with coffee farmers, expand market share by opening new branches with looking for expansion areas that are close to target consumers. Thus the company can achieve maximum profits.

Table 6. QSP Matrix

No		Score	Develop markets with good offers		Develop number two quality products		Building consumers cooperate	
			AS	TAS	AS	TAS	AS	TAS
1	Opportunities	0.5	12	1.63	11	1.35	15	1.85
2	Threat	0.5	14	1.8	13	1.55	12	1.45
3	Strenght	0.55	14	1.95	11	1.5	14	1.95
4	Weakness	0.45	10	1.25	8	0.9	13	1.3
Attractivness Score		**1.0**		**6.63**		**5.3**		**6.55**

Source: Research data, 2018

Based on the table above, it can be seen the results of the QSPM analysis, where the results of attractive scores at PT. Nedcoffe is 6.63. So it can be concluded, that the right alternative strategy to be developed by PT. Nedcoffe with the highest score is: Market Penetration.

CONCLUSION

There are six strengths owned by PT. Nedcoffe and five weakness factors. PT. Nedcoffe has the power to maintain a brand image and improve product quality, as well as relationships with its customers. The weakness of PT. Nedcoffe is a large maintenance and overhault company. Based on the results of the IFE Matrix analysis, the total score obtained is 2.73 which means that the company's internal strength is

above the average, which is equal to 2.5. so it can be concluded that the company has strong internal strength.

PT. Nedcoffe is quite resposive in seeing the opportunities that exist, and can overcome threats from outside the company. The main potential that is very potential to be utilized is creating innovation in the aroma and taste of coffee, and there are only two competitors. While the main threat from competitors is large capital. However, overall in the EFE analysis, PT. Nedcoffe collected a total score of 3.14 from the highest score of 4.00, which means that this company has been able to take advantage of opportunities and can overcome threats.

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