ANALYZING OF MARKETING STRATEGY FORMULATION IN IMPROVE COMPETITIVE ADVANTAGE OF ECI

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Abstract—The purpose of this study is to formulate a competitive advantage strategy, in order ECI (express Chicken Indonesia) enterprise as a newcomer in fast food franchise business. The method in this research used quantitative method, with in-depth interviews and FGD (Focus Group Discussion) of the respondents were considered to have experiences and knowledge in the field of food industry. The result of FGD were tested with the model of triangulation to compare with observation and interview data. The formulation of competitive advantage is done in three stages: the first stage is an Input Stage: an evaluation of EFE (External Factors Evaluation) matrix, IFE (Internal factors Evaluation) Matrix and CPM Matrix. The second stage is the Matching Stage: researcher using SWOT (Strengths, Weaknesses, Opportunities, Threats) Matrix, SPACE Matrix, BCG (Boston Consulting Group) Matrix, IE (Internal External) matrix and Grand Strategy Matrix. The last stage is Decision Stage : The Formulated Strategy by QSPM (Quantitative Strategic Planning Matrix). The results showed that competitive advantage strategy for ECI is to integrate the strategy of QSPM matrix and SWOT matrix, the 1st is market development and the 2nd is market penetration.

Keywords—Competitive advantage, Fast Food, Franchise, SWOT, BCG, EFE, IFE, SPACE, Grand Strategy, QSPM.

I. INTRODUCTION

Based on the report of ministry of Republic Indonesia, the food industry is one of industry that has grown from year to year. Food business also includes businesses that were able to survive in crisis conditions. The data in table 1.1 can be concluded that the growth of the food industry in Indonesia has increased from 2009 to 2012. The increase is quite high occurred in 2009 to 2010, reaching 39%. Furthermore, from 2010 to 2011 increased 41 % and from 2011 to 2012 increased 4.8 % . Similarly, of the total investment also increased by year .

Table 1.1 : Indonesia Food Industry

<table>
<thead>
<tr>
<th>Year</th>
<th>No. Of Company</th>
<th>Investment (In Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>49</td>
<td>652.1</td>
</tr>
<tr>
<td>2010</td>
<td>194</td>
<td>1025.9</td>
</tr>
<tr>
<td>2011</td>
<td>330</td>
<td>1097.8</td>
</tr>
<tr>
<td>2012</td>
<td>347</td>
<td>1782.9</td>
</tr>
</tbody>
</table>

Source : Industrial department of Indonesia

The growth of the food industry, in particular the restaurant in Indonesia is supported by the growing number of middle class thus increasing purchasing power. The middle class in Indonesia also increased very significantl , 1999 the number of middle class of 45 million (25%) , the year 2010 amounted to 134 million (56%) and in 2015 has reached 170 million (70%) (World Bank, 2015).

The growth of restaurant and the middle class in Indonesia prompting MVI enterprise embed business in a fast food restaurant franchise that originated in England with ECI flag. As a newly established company, is not easy for the company to compete with fast food restaurant franchise that already exist in Indonesia such as MC Donald , Kentucky Fried Chicken and Lotteria.

As a newcomer, in order to compete with the company will need to analyze the strengths and weaknesses by combining the opportunities and threats that exist so knowing the competitive advantage strategy (Porter, 2010). By knowing the competitive advantage , the company can determine strategies alternative strategies to achieve competitive advantage strategy (Marcos & Mustamu, 2014).

II. LITERATURE REVIEW

2.1. Marketing Mix
Marketing mix is the mixture of controllable marketing variable that the firm uses to pursue the sought level of sales in the target market (Kotler, 2012). The elements of marketing mix have been classified under four heads—product, price, place and promotion. That is why marketing mix is said to be a combination of four P’s. Decisions relating to the product includes product designing, packaging and labelling, and varieties of the product. Decision on price is very important because sales depend to a large extent on product pricing. The third important element is place, which refers to decision regarding the market where products will be offered for sale.

Promotion involves decisions bearing on the ways and means of increasing sales. Different tools or methods may be adopted for this purpose. The relative importance to be attached to the various methods is decided while concentrating on the element of promotion in marketing mix.
For service companies, other P variables are people, process and physical evidence, thus be 7’S. People are the ones who serve the customer, hospitality and communication skills of employees is needed. While the process is the stage in the service, the speed and the truth will do the process is an important factor in the field of services. Physical Evidence is a physical facility that supports these services, such as buildings, interior design, comfort of the waiting room, the availability of toilets and so on.

2.2. Competitive Advantage Strategy

Competitive advantage is a business concept describing attributes that allow an organization to outperform its competitors (Porter, 2010). Porter defined the two types of competitive advantage an organization can achieve relative to its rivals: lower cost or differentiation. This advantage derives from attribute(s) that allow an organization to outperform its competition, such as superior market position, skills, or resources. In Porter's view, strategic management should be concerned with building and sustaining competitive advantage.

![Figure 2.1: Competitive Advantage Strategy](Source: David, 2015)

In the process of crafting strategy (figure 2.1) company have to decide five basic competitive strategies such as overall low-cost, broad differentiation, focused low-cost, focused differentiation and best-cost provider.

2.3. SWOT Analysis

SWOT analysis is an analytical tool used for the identification and categorization of internal and external factors. Strengths and weaknesses in SWOT analysis are termed as internal factors while opportunities and threats termed as an external factors. (David, 2015)

The SWOT analysis consist of:
1. Strengths refer to internal characteristic which may be deemed favorable for the organization.
2. Weaknesses refer to internal characteristic which may be deemed unfavorable for the organization.
3. Opportunities are external characteristic which organization may use to its advantage.
4. Threats are external characteristic which may be potential sources of failure to the organization.

The following steps after preparing SWOT is the IFE and EFE matrix also SWOT matrix analysis by integrating Strengths, weaknesses, opportunities and threats to become some strategies.

2.4. BCG Matrix

The BCG Growth-Share Matrix is a portfolio planning model. It is based on the observation that a company's business units can be classified into four categories based on combinations of market growth and market share relative to the largest competitor, hence the name "growth-share". Market growth serves as a proxy for industry attractiveness, and relative market share serves as a proxy for competitive advantage. The growth-share matrix thus maps the business unit positions within these two important determinants of profitability (Henderson, 1989).

Henderson reasoned that the cash required by rapidly growing business units could be obtained from the firm's other business units that were at a more mature stage and generating significant cash. By investing to become the market share leader in a rapidly growing market, the business unit could move along the experience curve and develop a cost advantage. From this reasoning, the BCG Growth-Share Matrix was born.

2.5. QSPM Matrix

Quantitative Strategic Planning Matrix (QSPM) is a high-level strategic management approach for evaluating possible strategies. Quantitative Strategic Planning Matrix or a QSPM provides an analytical method for comparing feasible alternative actions. The QSPM method falls within so-called stage 3 of the strategy formulation analytical framework.

When company executives think about what to do, and which way to go, they usually have a prioritized list of strategies. If they like one strategy over another one, they move it up on the list. This process is very much intuitive and subjective. The QSPM method introduces some numbers into this approach making it a little more "expert" technique (David, 2015)

III. METHODOLOGY

3.1. Research Method

The method used in this research is descriptive qualitative. Researchers will be describe the strengths, weaknesses, opportunities and threats of ECI restaurant itself as a newcomer in the fast food industry. The data will be analyzed using SWOT matrix so that it can be seen that the right combination of competitive strategy for ECI enterprise. To determine the ECI position compared
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of competitors, IFE and EFE matrix used to provide for each indicator.

3.2. Research Instruments
The researchers used triangulation for indicate two (or more) methods are used in this study in order to check the results of same subject (Rothbauer, 2008). The author compares the data obtained from the FGD with the observation in the restaurant and interview.

3.3. Theoretical Framework

IV. RESULTS
Based on the theoretical framework, researchers analyze the internal and external factors to describe the dimensions to be studied (figure 4.1 and 4.2).

External macro environment analysis approach with dimensions: social & culture, political and government policies, economics, and technology. While industry analysis using Porter’s 5 forces: new entrance, rivalry, substitute product, bargaining power of buyers, and bargaining power of suppliers.

4.1. Input Stage
1. EFE Matrix
Based on the analysis of external factors ECI obtained a total score is 2.22 while the competitors Mc Donald score is 4.06, KFC (Kentucky Fried Chicken) got 3.83 and Lotteria got 2.16. This data shows that the ECI is still not able to compete with incumbents fast food restaurant (MC Donald’s and KFC), while with Lotteria as a relatively new in Indonesia has been able to compete better.

2. IFE Matrix
Based on the analysis of internal factors, ECI’s strengths and weaknesses that are considered important, obtained a score is 3.01. Rival Lotteria obtain a lower score is 2.89. Mc Donald’s got 4.05 and KFC got 4. Its mean that, ECI internally stronger than Lotteria, but weaker than MC Donald’s and KFC.

3. CPM Matrix
Researchers comparing the indicators of restaurant success by comparing the marketing mix is applied at the restaurant, they are consist: product, price, place, promotion, people, process and physical evidence.
promotion, people, process and physical evidence. The analysis showed that ECI’s competitors, especially the incumbents, MC Donald’s and KFC are superior, while compared with Lotteria slightly better.

4.2. Matching Stage
1. SWOT matrix
SWOT matrix defines the Strengths, Weaknesses, Opportunities and Threats. After that, researchers arranged a number of possible strategies by combining S-O, W-O, S-T and W-T. The number of strategies that blend strategy are 14 (Figure 4.8).

2. SPACE Matrix
ECI restaurant is in a Aggressive area, its mean ECI quite strong from the financial aspect and has a high enough competitive advantage in the restaurant industry because the growing of middle class in Indonesia (figure4.4).

3. BCG Matrix
The Growth of restaurants in Indonesia reached an average of 5.93 % (Indonesian Statistic Bureau, 2015) indicating that the restaurant industry’s growth rate is quite high. As a new comer, ECI’s market share is still relatively small, but has a chance to grow. Under these conditions, positions ECI by BCG matrix is “Question Mark” (figure 4.5).

4. IE Matrix
Based on the analysis of external Internal factors, ECI is in quadrant 4 ( EFE 2:22 and IFE 3:01 ) means that to be in a position grow and build.

5. Grand Strategy Matrix
Based on figure 4.7 ECI is in quadrant I. In this quadrant restaurant experienced rapid growth due to over 5 % (Kuntag, 2014) with a strong competitive position. ECI will have good growth because it offers a menu that is processed in a healthy, different image, strong management and a branded image. The strategy can be applied by the ECI are market development, market penetration, product development, forward and backward integration, horizontal integration Also concentric diversification.

4.3. Decision Stage
Figure 4.9 concludes that a suitable strategy for ECI is a market development with a score of 5.84. Market development strategy entails finding a new group of buyers for an existing product by attracting customers, attract non-users to buy the product and expanding geographically (Ballowe, 2014). In connection with the free market Asia and Southeast Asia, these opportunities can be exploited to gain international consumer is in cooperation with tour and travel companies and hotels.

The second strategy is market penetration strategy with a score of 5:27. Market penetration strategy
involves focusing on selling your existing products or services into your existing markets to gain a higher market share. This strategy can be done by educating consumers to choose healthy processed fast food is done by the ECI.

V. CONCLUSION AND RECOMMENDATION

5.1. Conclusion
The comparating to the fast food restaurants that have long existing (Mc Donald and KFC), ECI restaurant as a newcomer it can not compete head to head for the number of branches is still relatively small and brand equity is still low. But compared to the fast-food restaurant that is also a newcomer, Lotteria, ECI can compete.

5.2. Recommendation
The competitive advantage strategy for ECI is to integrate the strategy of QSFM matrix and SWOT matrix, the 1st is market development by utilizing the free market momentum Asia and Southeast Asia to get new markets, the international market. The restaurant can cooperate with tour & travel services, hotel and airlines as parties that directly to tauch with international market. Restaurants can also educate consumers who tend to prefer fast food without paying attention to health factors in order to realize the importance of choosing healthy foods processed. The second strategy is market penetration, which is designing a restaurant that combines dining and lifestyle with a distinctive touch of ECI is a classy English style and offers a family healthy package so that it can attract consumers switch to a competitor restaurant ECI.

REFERENCES

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Figure 4.8 ECI's SWOT Matrix
Source: researchers

Figure 4.9 ECI's QSPM Matrix
Source: researchers