

Competitive Strategy of Local Beverage Companies in Preserve Their Existence to Face of Competition with Imported Drinks

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Abstract: This study is determine what strategy are used by Siantar Ice Factory Ltd in preserve the existence of 'Cap Badak' products; to know the strategy implementation, evaluation; and also its obstacles. After that, this study analyzes the alternative strategy that possibly recommended to Siantar Ice Factory Ltd for supporting the existing strategy. The research method used is descriptive-qualitative, using case study. Data were collected by interviews, observation, and documentation. Data analysis techniques used were qualitative-descriptive analysis of Miles and Huberman and also SWOT Analysis using SWOT Matrix, IFE Matrix, EFE Matrix, and then matching the alternative strategies obtained on SWOT Diagram. The results showed that in maintaining the existence of Cap Badak products, Siantar Ice Factory Ltd uses Defense Strategy. The strategy implementation and evaluation has been done properly without changing any standards. The obstacles is they still using their conventional machines because the owner does not intend to regenerate the machines, and the production becomes less and hampered because many bottles are not returned to the factory yet. Furthermore, based on IFE Matrix, EFE Matrix, and SWOT Diagram, the results showed that PT. Siantar Ice Factory is in Quadrant I, where the company's position is very profitable and supports aggressive strategies. Based on SWOT Matrix Analysis, Siantar Ice Factory Ltd is recommended to launch Cap Badak products in plastic bottle packaging immediately, do promotion after regenerating machines, educate consumers about the importance of returning bottles on time, purchase orders bottles more often, and change the family management system into a more professional system.

1 INTRODUCTION

Siantar Ice Factory Ltd, previously named NV Ijs Fabriek, is the oldest factory in Pematangsiantar city and initially only produced ice bars. The founder was Heinrich Surbeck, a Swiss chemical engineering graduate who first came to the province of North Sumatra in 1902. In the province of North Sumatra, Surbeck established a gambier factory in Gunung Melayu (Asahan), a power plant, hotel, ice factory and beverages factory in Pematangsiantar city which he named NV Ijs Fabriek.

In 1920, NV Ijs Fabriek developed its industry. This factory not only produces ice bars, but has also penetrated into beverage production. The beverage products produced by NV Ijs Fabriek initially consisted of eight soft drinks, namely Orange Pop, Sarsaparilla, Raspberry, Pineapple (Pineapple), Grape Fruit Soda, American Ice Cream Soda, Coffee Bear, and Soda Water, with all drinks under the brand name 'Badak'. Along with the times and the journey

of PT. Siantar Ice Factory, currently there are only two flavors that can be found in the market, namely Sarsaparilla and Soda Water. In addition, Siantar Ice Factory Ltd. is still producing ice bars. The development of NV Ijs Fabriek's beverage production until it changed its name to PT. The Siantar Ice Factory will be discussed in the next chapter. Over time, Siantar Ice Factory Ltd has a subsidiary named PT. Jasa Harapan Barat, which is in charge of marketing the products of the Siantar Ice Factory Ltd by distributing them to many cities, such as the cities of Medan, Batam, Pematangsiantar, Tebing Tinggi, Sidikalang, Sibolga, Jakarta, Baganbatu, Tarutung, Tanjung Balai, Padangsidempuan, Rantau Prapat, Aceh, Pekanbaru and Samosir.

Based on the description above, this study examines the strategies used by Siantar Ice Factory Ltd in maintaining the existence of Cap Badak products since the Dutch colonial era until now and then identifies and matches them according to the concept of strategic management science, and

formulates strategies with the aim of recommending alternative strategies. / additions that can be applied in developing a pre-existing strategy.

2 LITERATURE REVIEWS

2.1 Strategic Management

According to Fahmi (2017:2), strategic management is a plan that is prepared and managed by taking into account various sides with the aim that the influence of the plan can have a positive impact on the organization in the long term. One of the focuses of the study in strategic management is to have an impact on the application of strategic concepts to the company in the long term or sustainably, including in terms of stable profits. Stable profit is influenced by sales stability which continues to experience constant growth.

2.2 Concept and Definition of Strategy

According to Pardede (2011: 28), in a very general sense, strategy can be interpreted as the best way to achieve a goal or to complete a job. A more complete understanding states that strategy is the determination of long-term goals and objectives of the organization or company, determining the number and types of activities needed, and allocating resources to achieve them.

2.2.1 Strategy Level

1. Corporate Strategy

According to Robbins and Coulter (2016: 253), corporate strategy is an organizational strategy that specifies what business to be in or to be in and what the company wants to do with this business. The three main types of corporate strategy are growth, stability, and renewal.

2. Business Strategy (Competitive Strategy)

According to Robbins and Coulter (2016: 255), competitive strategy is a strategy about how an organization will compete in its business. For small organizations that are only involved in one line of business or large organizations that have not been diversified in various products or markets, competitive strategy describes how the organization will compete in its primary or primary market. However, for organizations that work in multiple businesses, each business has its own competitive strategy that defines its competitive advantage, the

products or services it offers, the customers it wants to reach, and the like.

3. Functional Strategy

According to Rangkuti (2015: 14) the formulated strategy is more specific depending on the functional management activities. If at the company level a strategy has been set to create a new activity unit at the business unit level, for example a purchasing unit, the functional strategy drawn up refers to all purchasing activities, such as making a standard pricing strategy based on a certain profit margin percentage for each type of goods. bought. The strategy for controlling the quality of purchased goods can also be carried out or even submitted to suppliers who have been selected strictly.

2.2.2 Alternative Strategy Formulation

In adding, developing or recommending additional strategies for companies in improving existing strategies in maintaining their existence, it is necessary to formulate strategies. According to Yunus (2016: 164), strategy formulation activities will enhance the company's ability to solve problems faced by the company. The strategic management process will provide the best decision results because group interactions gather a larger variety of strategies.

2.2.3 SWOT Analysis as a Strategy Formulation Tools

According to Rangkuti (2015: 19), SWOT analysis is the systematic identification of various factors to formulate company strategy. This analysis is based on logic that can maximize strengths and opportunities, but simultaneously minimize weaknesses and threats, the strategic decision-making process is always related to the development of the company's mission, goals, strategies, and policies. . Thus, strategic planners must analyze the company's strategic factors (strengths, weaknesses, opportunities, and threats) in the current conditions. This is called situation analysis. The most popular model for situation analysis is the SWOT analysis.

3 METHODS

The form of research used in this research is descriptive research method with a qualitative approach. This qualitative descriptive research approach uses a case study method. Types and sources of data obtained through primary data in the

form of interviews and observations, and secondary data from secondary sources obtained through books, brochures, articles, journals, and the internet, and examples of previous studies related to this research.

Key informants are needed in this study where the company leadership at Siantar Ice Factory Ltd is the main informant in this study. Determination of research informants based on purposive and snowball techniques. The data analysis technique in this study uses descriptive qualitative analysis with the Miles and Huberman Model, SWOT Matrix Analysis, Analysis of the Internal Factor Evaluation Matrix (IFE Matrix), Analysis of the External Factor Evaluation Matrix (External Factor Evaluation - EFE Matrix).

4 RESULTS AND DISCUSSION

4.1 Strategy of Siantar Ice Factory Ltd in Maintaining the Existence of Cap Badak Beverage Products.

The results of the research on the existence of the Siantar Ice Factory Ltd. indicate that the Siantar Ice Factory Ltd. is the only beverage industry company that is the oldest in Pematangsiantar city and is still operating today. The company focuses on the production of soft drinks and ice bars, of which Cap Badak is the trademark for these soft drinks. The superior product of this company is the Cap Badak Sarsaparilla which is favored by the public and has been a prima donna in Pematangsiantar city since 1916.

Formulation, Implementation, and Evaluation of Strategy to Maintain Existence

Based on the results of the research conducted, the strategy used by Siantar Ice Factory in maintaining the existence of this Cap Badak beverage product is as follows:

- a. Maintaining the quality and quality of drinks,
- b. Doing a bottle investment system,
- c. Routine in the maintenance of machines and natural resources,
- d. Improving human resources,
- e. Maintain product hygiene.

Alternative Strategy Formulation

Strength Factor (S)

1. Natural resources are springs that are available in nature for free.
2. Strategic factory location.
3. The source of electrical energy is obtained free of charge through the Bah Bolon river which is driven by a turbine.
4. Has won the trust of the community (consumer trust) .
5. Distinctive and unique taste.
6. Maintaining and paying attention to quality with GKM (Quality Control Group)

Weakness Factor (W)

1. Old production machines.
2. Family management system.
3. There is no intention from the management (owner) in regenerating the machines.
4. The bottle system that causes bottle shortages.
5. Bottle system whose weakness is if the bottle is broken, lost, and not returned by the buyer.
6. The product is quite hard to find.

Opportunity Factor (O)

1. Many orders from outside the island of Sumatra to order Cap Badak products.
2. Procurement of Cap Badak bottles with plastic bottles (PET) in 2019.
3. Unique and popular taste
4. Already have regular customers.

Threat Factor (T)

1. Family management system that can lead to disputes, misunderstandings, discrepancies, not one heart and thought so that clashes can occur.
2. The company sells beverage sachets and other packages , while the Siantar Ice Factory only produces beverages in conventional glass bottles.
3. There is no promotion so people are in danger of being forgotten by people who don't know the Cap Badak drink.
4. Coffee shops are spreads and becoming a trend, so there will be many young people who do not know the existence of Cap Badak products as legendary drinks, and switch to drinks that are now sold in coffee shops.
5. Competitors who try to make similar products with Cap Badak.

Table 1: Internal Factor Evaluation Matrix

Internal Strategy Factor	Weight	Rating	Weight x Rating = Score
Strength(S):			
1. Natural resources in the form of springs that are available in nature for free.	0.14	4	0.56
2. Strategic company location.	0.10	4	0.4
3. Own source of electrical energy and obtained by utilizing the Bah Bolon river to drive turbines.	0.14	4	0.56
4. Has received trust from the community (<i>Consumer Trust</i>).			
5. Unique and distinctive taste.	0.05	3	0.15
6. Maintaining and paying attention to quality with GKM (Quality Control Group)	0.09	4	0.36
	0.06	4	0.24
Sub-Total	0.58		2.27
Weaknesses (W):			
1. The production machines are old.	0.08	2	0.16
2. The management system is still family management.	0.07	2	0.14
3. There is no intention from the directors (<i>owner</i>) to regenerate the machines.	0.07	2	0.14
4. The bottle system that causes bottle shortages.	0.08	2	0.16
5. Bottle system whose weakness is if the bottle is broken, lost, and not returned by the buyer.	0.07	2	0.14
6. Products are quite difficult to find, only available in certain places.	0.05	1	0.05
Sub-Total	0.42		0.79
TOTAL	1.00		3.06

Table 2. External Factor Evaluation Matrix

External Strategy Factors	Weight	Rating	Weight x Rating = Score
Opportunity (O):			
1. Many orders from outside the island of Sumatra to order Cap Badak products.	0.15	4	0.6
2. Procurement of Cap Badak bottles with plastic bottle (PET) packaging in 2019.	0.18	4	0.72
3. The taste is unique and liked by the people.	0.16	2	0.32
4. Already have regular customers.	0.11	3	0.33
Sub-Total	0.60		1.97
Threat (T):			
1. A family management system that can lead to disagreements, misunderstandings, discrepancies, not one heart and thought so that conflicts can occur.	0.09	2	0.18
2. Other companies sell <i>sachet drinks</i> and other packages, while Siantar Ice Factory Ltd only produces beverages in conventional glass bottles.	0.10	2	0.20
3. There is no promotion so people are in danger of being forgotten by people who don't know the Cap Badak drink.	0.07	2	0.14
4. Coffee shops are mushrooming and are becoming a trend, so there will be many young people who do not know the existence of Cap Badak products as legendary drinks, and turn to drinks that are now sold in coffee shops.	0.08	2	0.16
5. Competitors trying to make products similar to Cap Badak.	0.06	1	0.06
Sub-Total	0.40		0.74
TOTAL	1.00		2.71

From the processed results of the external factor evaluation matrix, it can be seen that the opportunity factor has a total score of 1.97 and the threat is 0.74. The biggest opportunity factor lies in the procurement of rhino cap bottles with plastic bottles (PET) which has a score of 0.72 . This factor will be very beneficial for the company if it is immediately implemented in 2019, because with this, the company can enter its products into supermarkets, minimarkets, supermarkets, so that its market share is wider, and promotions can be carried out immediately. The biggest threat factor is other companies that sell sachet drinks and other packages, but Siantar Ice Factory Ltd only produces Cap Badak drinks in conventional glass bottles, where this factor has a score of 0.20 . This factor is related to the opportunity factor with the previous largest score, where the limited packaging owned by Cap Badak has an impact on the lack of buying.

4.2 Swot Diagram

The SWOT diagram aims to find out which quadrant the company is in and determine what strategy is right for the company to implement according to the assessment that has been done previously.

The results of the analysis of the IFE Matrix and the EFE Matrix PT. Siantar Ice Factory are as follows:

1. Strength score (S): 2,27
2. Weakness score (W): 0.79
3. Odds score score (O): 1,97
4. Threat score (T): 0.74

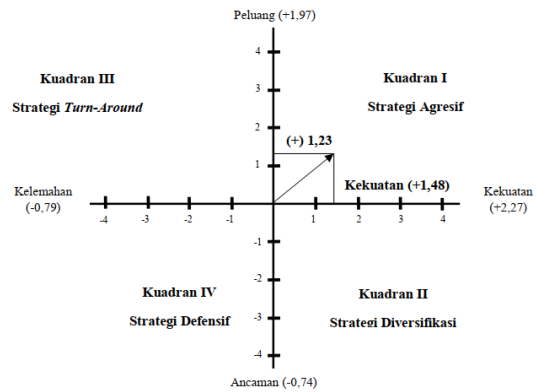
Then the comparison of internal and external scores. Ice Factory Ltd are:

Table 3. Ice Factory Ltd . internal and external score comparison

Internal	External
Strengths > Weaknesses	Opportunity > Threat
2.27 > 0.79	1.97 > 0.74

Then it can be seen that the strength score is greater than the weakness score with a difference of (+) 1.48 and the opportunity score is greater than the threat score with a difference of (+) 1.23. Then the results of the analysis of internal and external factors obtained can be described in the following SWOT Analysis Diagram:

Diagram 1. SWOT Analysis Diagram



Based on the SWOT Analysis Diagram above, it can be concluded that PT. The Siantar Ice Factory is in Quadrant I by supporting an aggressive strategy, and is a very profitable situation. Where is PT. The Siantar Ice Factory has a great opportunity so that it can take advantage of the existing opportunities. The strategy that must be determined in this condition is a strategy that supports an aggressive growth policy, namely through development.

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