

Designing a Sales Strategy with SWOT Method for Small and Medium Enterprises Products

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ABSTRACT

Purpose: This research was conducted on SMEs of brown sugar. This business has difficulty increasing sales especially in the new products from SMEs, namely printed brown sugar products. Where previously this SMEs only produced and sold bulk brown sugar.

Design/methodology/approach: The methods used are Fishbone and Pareto, to identify the factors that can support the sales strategy.

Findings: The results showed that there are internal factors and external factors as a sales strategy. Fishbone and Pareto diagram shows that internal factors have strength and weakness, indicating that there are SMEs that have their own business capital, workers who are experienced in making brown sugar. Meanwhile, external factors, in the form of opportunities and threats, where SMEs already have markets and customers.

Research limitations/implications: Current condition has several obstacles, such as facing increasingly competitive competition, more types of products, rapid technological developments, and the number of similar businesses. This has an effect on conventionally run businesses such as SMEs.

Practical implications: The results showed that there are internal factors and external factors as a sales strategy. Fishbone and Pareto diagram shows that internal factors have strength and weakness, indicating that there are SMEs that have their own business capital, workers who are experienced in making brown sugar. Meanwhile, external factors, in the form of opportunities and threats, where SMEs already have markets and customers. In the Threat factor, technology and competitors are found to be a threat, but if examined again, these two things are real opportunities for SMEs. The use of technology in this digital era can be used as a promotional medium, while the identified competitors come from outside the area of SME. These competitors can surely be a driver of good performance in running their business.

Paper type: is categorized as a research paper.

Keyword: Design, Fishbone, Pareto, Sales strategy, SMEs, SWOT

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I. INTRODUCTION

The country's economic growth is strongly influenced by the growth in the number of business actors, both small and medium enterprises and large companies. Nationally, small and medium enterprises (SMEs) have a very important position, potential and role. Apart from that, it also has a strategic role in realizing national development goals in general and economic development goals in particular. This can be seen in providing business opportunities and providing employment opportunities. A research to examine the effect of customer

relationship marketing and service quality on customer retention, it was found that improving customer retention with customer satisfaction (Febriani Galih Saputro, Agus Dwi Sasono, Joko Suyono, Damarsari Ratnasahara Elisabeth, 2020).

SMEs are not too much affected by the global crisis, this is because the majority of businesses occupied by SMEs are not export products. In addition, SMEs do not depend on foreign currency and loan interest rates because most start with their own capital. However, the problem is that SMEs rarely receive guidance from the government. Business actors in the SMEs survive independently for their business. The government should provide assistance to all existing SMEs because these small businesses become the cogs of a country's economy.

Seeing the current conditions with several obstacles such as facing increasingly fierce competition, increasing product volume, rapid technological developments, and the number of large industries that have started to emerge. This has an effect on conventionally run businesses such as SMEs. This research was conducted on SMEs of brown sugar, this business has difficulty increasing sales. Especially in the new products from SMEs, namely printed brown sugar products. Previously, this SMEs only produced and sold one type of product variant, namely bulk brown sugar.

This study aims to design a sales strategy from the results of a SWOT analysis for SME products. Almost on average, SMEs have the same problem, namely experiencing difficulties with their vendors. So that it can be used as a solution to the same problem in similar businesses.

II. LITERATURE REVIEW

Marketing strategy is sales based on the company's expectations to create customer value and achieve profitable relationships (Armstrong, 2014). Marketing strategy consists of four steps in the process of designing and managing a marketing strategy in the form of analysis, planning, implementation and management (David W. Cravens, Charles W. Lamb, 2002). First, the situation analysis considers market and competitor analysis, market segmentation, and continues to learn about the market. Second, designing a marketing strategy that requires target customer and strategic placement, relationship marketing strategy, and planning for new products. Third, marketing development programs consist of products or services, distribution, pricing and promotional strategies designed and implemented to meet targeted buyer needs. Fourth, strategy implementation and management looks at organizational design and marketing control.

Strategic planning is a company activity to find a match between the company's internal requirements (strengths and weaknesses) and the company's external requirements (opportunities and threats). Opportunities that occur today will not necessarily remain opportunities. Changes in external factors can cause changes in internal factors so that strengths and weaknesses also change. Tool for business management in a competitive market has the main goal of an organization's strategy to deal with the environment. Objective of that tool is systematically and objectively disseminate the company's internal skills, qualifications and resources (Mainardes et al., 2014). Researcher opinion (Mišanková, M., & Kočíšová, 2014) that formulation of the strategy and implementation are important tools of the company for sustaining competitiveness and future improvement.

Researcher state that there are four concepts in the formulation of a marketing strategy in relation to managing new products that already exist in the market (David W. Cravens, Charles W. Lamb, 2002). Market strategy, which is approach to focus on selling a mix of services and products to an existing target market (Fred R. David, 2016). In an effort to increase revenue, management is trying to raise prices and build a market based on solid customers who are loyal to the company. First, a new product development strategy is an idea of developing a new product in an existing market. Second, the market development strategy, which is a strategy that focuses on developing new markets for existing products and services. In this condition, hotels and restaurants usually develop new units and expand to new market shares. Third, the diversification strategy is a strategy for introducing new products and services to new market segments. This strategy offers long-term potential, but this strategy also carries a very high level of risk. The implementation of this concept is very important to use in order to be able to provide benefits and satisfaction to guests in accordance with the products owned, namely hotel products so that the marketing program carried out can run effectively and efficiently. Business strategy associated to the match between internal capabilities and external environment (Bhandari, 2013).

A method for strategic planning, it is strength weakness opportunity threat (SWOT) as habitually a form of brainstorming. According to Phadermrod et al., (2019) SWOT based on customer satisfaction surveys to the

customers' perception, it is expected that the organization can proficiently formulate strategic plans to improve and identify based on the customer's perspective.

This method appears to be constructive for effective strategic marketing planning and strategic assessment for evaluating organizational in strategic position. Nasri states the main purpose of SWOT is to provide data in linking those with organization's strengths, minimizing weaknesses, utilizing opportunities, and identifying major threats (Ayub et al., 2013). As a result of identifying the internal and external factors, the organization be able to identify main competencies for decision-making, planning and building strategies (Phadermrod et al., 2019).

III. RESEARCH METHODOLOGY

This research uses descriptive exploratory method, to find information and data related to the problem. This describes the results of the analysis to design a sales strategy. Previously, identification was carried out to determine the position of the quadrants and then carried out an analysis using the SWOT method to determine internal and external factors. Data collection was carried out by means of observation and surveys.

A total of 113 respondents were involved in this survey. Respondents are employees and regular consumers who have worked for or used the product for years. The questions in the survey cover the dimensions of strength, weakness, opportunity, and treatment of each SME. The research instrument was a questionnaire with 26 questions with 4 answer choices. With a score of choice answers strongly agree with value 4, agree with value 3, disagree with value 2, and disagree with value 1.

The analysis uses a fishbone diagram to identify the factors causing the lack of sales. The Pareto diagram is used to compare internal and external factors, then design a sales strategy.

IV. RESULT

A. Instrumental Test

The results of the processing of the validity test obtained that the calculated coefficient of each attribute was greater than the bivariate coefficient of 0.05, so it was concluded that the overall indicator variables were valid. Furthermore, the results of the reliability test conducted showed that the Cronbach's Alpha value was greater than 0.5, namely 0.819, so it can be concluded that the research instrument is reliable and can be used to collect data.

B. Fishbone and Pareto Diagram

This fishbone diagram is used to identify internal and external factors that can support sales levels.

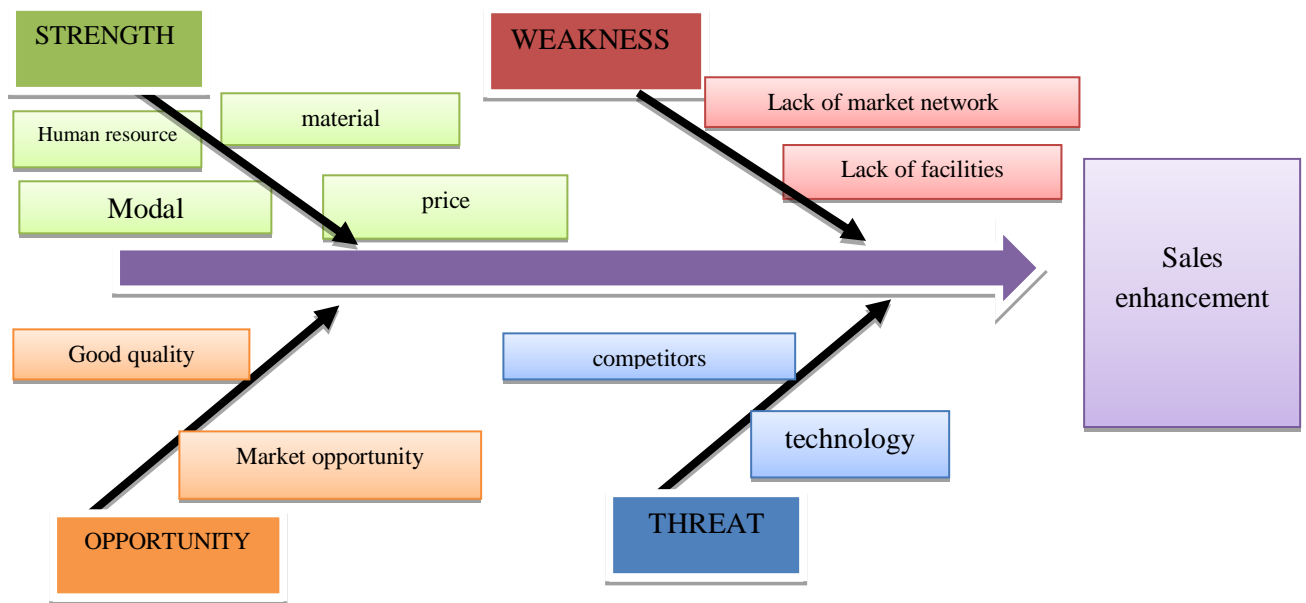


Figure 1: fishbone diagram to identify sales enhancement using SWOT method

Pareto diagram elaborates the factors in SWOT which consist of strength, weakness, opportunity, and threat respectively. In this diagram, the cumulative frequency and percentage data for each category are processed.

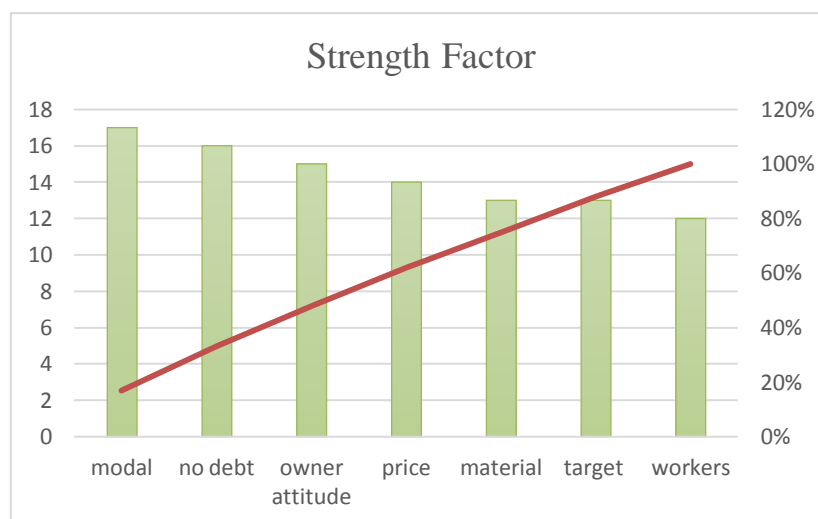


Figure 2: Elaboration of Strength Factor

Frequency %Cumulative

Figure 2 above explains the Strength factor which has the highest score frequency: capital (17), no debt (16), owner attitude (15), price (14), material (13), target (13), worker (12). With a cumulative percentage of 100% for workers, 88% for targets, 75% for materials, 62% for price, 48% for owner attitude, 33% for no debt, and 17% for capital.

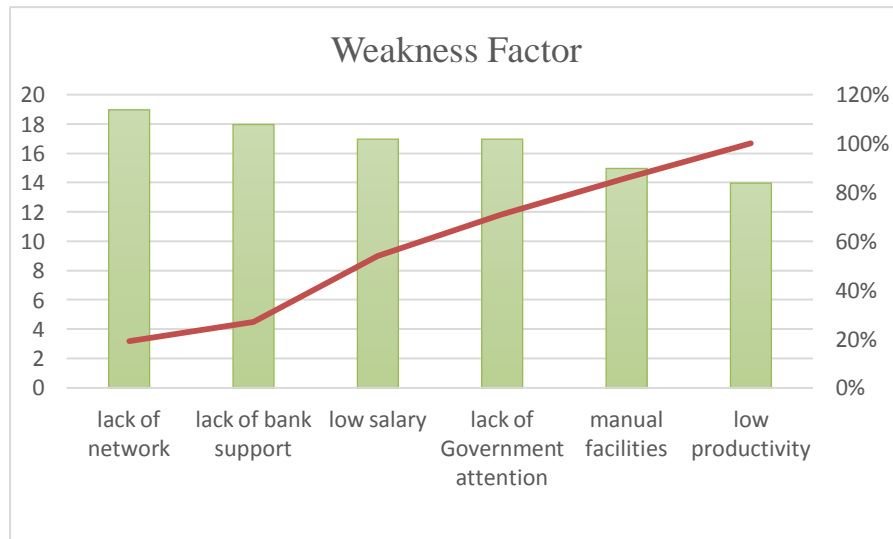


Figure 3: Elaboration of Weakness Factor

Frequency %Cumulative

Figure 3 describes the Weakness factor which has the highest score frequency: lack of network (19), lack of back support (18), low salary (17), lack of government attention (17), manual facilities (15), low productivity (14). With a cumulative percentage of 100% for low productivity, 86% for manual facilities, 71% for lack of government attention, 54% for low salaries, 27% for lack of bank support, and 19% for lack of network.

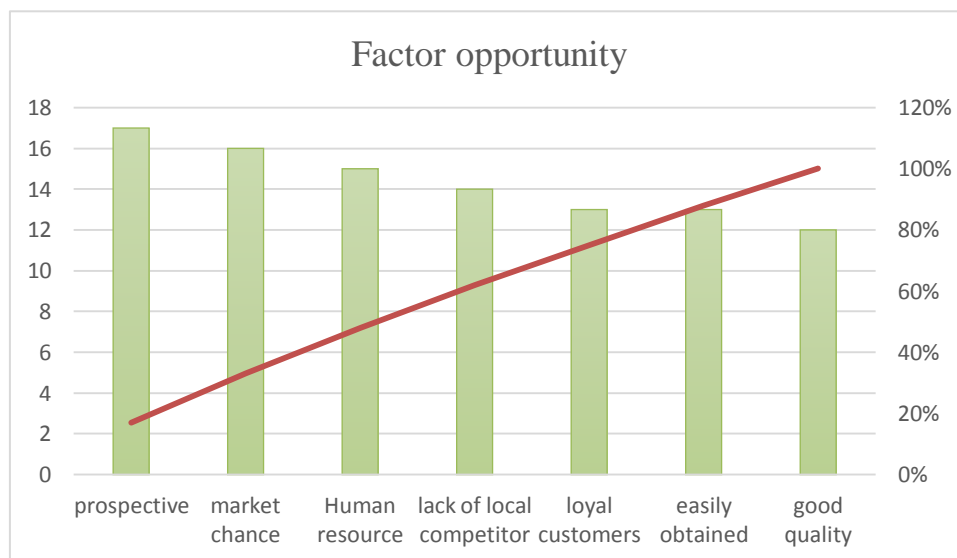


Figure 4: Elaboration of Weakness Factor

Frequency %Cumulative

Above is figure 4, the figure explains the Opportunity factor that has the highest frequency with perspective (17), market chance (16), human resource (15), lack of local competitors (14), loyal customers (13), easily obtained (13), good quality (12). With a cumulative percentage of 100% for good quality, 88% for easily obtained, 75% for loyal customers, 62% for the lack of local competitors, 48% for human resources, 33% for market chance, and 17% for perspective.

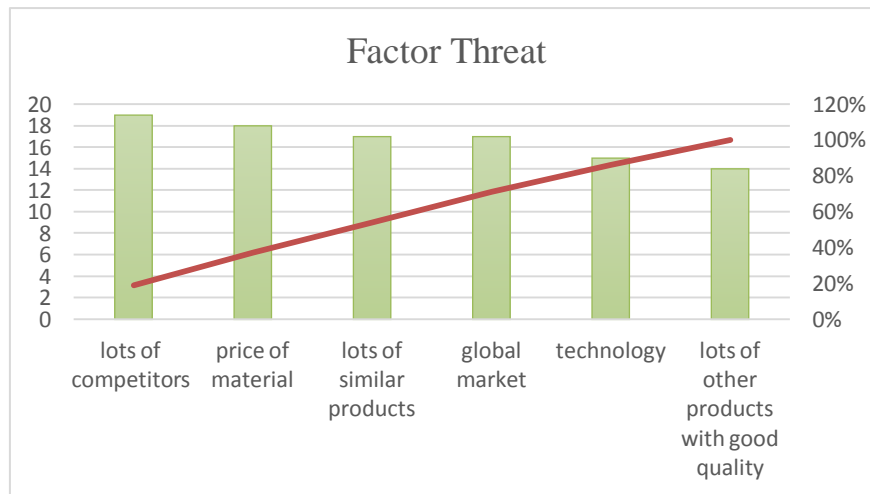


Figure 5: Elaboration of Weakness Factor

Frequency %Cumulative

Figure 5 shows that the Threat factor has the highest frequency with lost of competitors (19), price of material (18), lots of similar products (17), global market (17), technology (15), lots of other products with good. quality (14). With a cumulative percentage of 100% for lots of other products with good quality, 86% for technology, 71% for the global market, 54% for lots of similar products, 37% for price of material, and 19% for lots of competitors.

C. Strategy Design

Subsequently knowing the factors that can be prioritized in increasing sales, here is a sales strategy plan proposed for these SMEs. Table 1 shows that there are four categories, namely Strength, Weakness, Opportunity, and Threat. Furthermore, estimations of the implementation are also given. This strategy design is based on the results of the analysis of internal and external factors using the SWOT method.

Table 1. Sales Strategy Design

Factor	Category	Strategy Design	Estimated Implementation
Internal	Strenght	Material: ensure the availability and source of adequate raw material suppliers	Already done by SMEs
		Price: do regular market surveys to determine prices according to the market	Three times a month
		Capital: SME has sufficient funds for their business	Already done by SMEs
		Human resource: SME has an experienced workers in the brown sugar business, it needs	Annual review

regeneration

	<i>Weakness</i>	<i>Lack of market network: SMEs need to create networks such as being active in cooperatives so that they can open networks for their businesses</i>	<i>2 months, UKM must immediately register for membership in the cooperative</i>
		<i>Lack of facilities: review of the equipment used in order to produce quality and hygienic brown sugar</i>	<i>Cleaning the equipment after using it</i>
			<i>Equipment maintenance regularly once a month</i>
	<i>External Opportunity</i>	<i>Good quality: previously SMEs had good quality bulk brown sugar products. With this it can be said that SMEs have experience in making quality brown sugar</i>	<i>Already done by SMEs</i>
		<i>Market opportunity: have owned market and customers</i>	<i>Already done by SMEs</i>
		<i>Threat Technology: technology can be used for sales promotion</i>	<i>Within 2 months, SMEs can apply technology in their new promotions</i>
		<i>Competitors: having many competitors is an advantage for entrepreneurs, which can spur in running their business well</i>	<i>The competitors are mostly from other regions</i>

Based on the quadrant analysis, it shows that SMEs are in quadrant 1, which is a very profitable situation, where this brown sugar business has the chance and potential to be developed. This is also supported by previous research related to the sales strategy (P. Vitasari, Fuad Achmadi, 2020), where after the company carries out a sales strategy, it shows that the company is also in a quadrant 1 or quadrant position that benefits the company. Several business development strategies are formulated such as support from human resources, there is marketing media with an online system, the use of capital to increase business, create product variants, and expand the promotion network.

V. CONCLUSION

This brown sugar SME is not a new business, but one that has been operating for a long time. Previously, this business only produced one type of brown sugar product variant, namely brown sugar in bulk form. This bulk brown sugar business already has a market and regular customers. Even this bulk brown sugar sale is quite good and constant. For this reason, SMEs want to expand their business by making new product variants in the form of printed brown sugar. However, the sale of printed brown sugar has not received a good response from

consumers. There are several feedbacks given by consumers regarding this new product in the form of printed brown sugar. This study found the results of a study that there are internal factors and external factors that have the potential to be improved to improve sales. Internal factors include strengths and weaknesses, both of which have the potential to be developed. As well as sufficient business capital without a loan, a trained and experienced workforce in making brown sugar. Meanwhile, external factors, in the form of opportunities and threats, have opportunities that can be developed, including SMEs already having markets and customers. The use of technology in this digital era can be used as a promotional medium that can penetrate space and time without any restrictions, at an affordable price.

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