SWOT ANALYSIS IN APPLICATION OF MARKETING STRATEGY

(A Case Study in "28" Tofu Home Industry)

THESIS

By

ELOK DAWIYYATUL FATHONAH NIM: 03220128



MANAGEMENT DEPARTMENT FACULTY OF ECONOMICS THE STATE ISLAMIC UNIVERSITY OF MALANG 2008

SWOT ANALYSIS IN APPLICATION OF MARKETING STRATEGY (A Case Study in "28" Tofu Home Industry)

THESIS

Presented to:

The State Islamic University of Malang in Partial fulfillment of The Requirment For The Degree of Sarjana Economic (SE)

By

ELOK DAWIYYATUL FATHONAH NIM: 03220128



MANAGEMENT DEPARTEMENT FACULTY OF ECONOMICS THE STATE UNIVERSITY OF MALANG 2008

APPROVAL SHEET

SWOT ANALYSIS IN APPLICATION OF MARKETING STRATEGY (A Case Study in "28" Tofu Home Industry)

THESIS

By

ELOK DAWIYYATUL FATHONAH NIM: 03220128

Has been approved on April 7th, 2008

Advisor I,

Advisor II,

H. Surjadi, SE., MM

Rohmani Nur Indah, MPd NIP. 150327258

Acknowledged: Dean,

Drs. HA. MUHTADI RIDWAN, MA NIP. 150231828

LEGITIMATION SHEET

SWOT ANALYSIS IN APPLICATION OF MARKETING STRATEGY

(A Case Study in "28" Tofu Home Industry)

THESIS

By

ELOK DAWWIYATUL FATHONAH NIM: 03220128

Has been endure by examiners council And accepted as one of requirement To get Econmic degree(SE) On april 7th 2008

The Board Examiners	Signatures	
. Chair Main Rohmani Nur Indah, MPd NIP 150327258	: ()
2. Advisor H. Surjadi, SE, MM	: ()
3. Main Examiners Drs. HA. Muhtadi Ridwan,MA NIP. 150231828	: (,

Drs. HA. MUHTADI RIDWAN, MA

Approved By : The Dean, Management Department Faculty of Economics

NIP. 150231828

DECLARATION SHEET

I am under signature:

Name: Elok Dawiyyatul Fathonah

NIM : 03220128

Address: Perum. Artha Kaya II Jl. Blambangan 45 Bondowoso 68215

Clarify that the "Thesis" which is make to fulfill the requirement of graduated management Department Faculty of Economic State Islamic University of malang by the tittle:

SWOT ANALYSIS IN APPLICATION OF MARKETING STRATEGY (A Case Study in "28" Tofu Home Industry)

is own creation result, not "Duplication" from other researcher.

Then, if in the following day there are "claims "from other side, is not become responsible the advisor or Economics Faculty outsider, but it is my resposible.

Finally, I make this declaration with a truth and without any force from other people.

Malang, April 7th 2008
Sincerely yours,

Elok Dawiyyatul Fathonah NIM. 03220128

MOTTO

If you want to be Successful, do not be afraid of to thinking something a big. Yet, to reach the dream, we need an action based on our objective

(by Don Gabor)

DEDICATION SHEET

This thesis is proudly dedicated to:

- My beloved mother and father, thanks for your endless love, affection and care that you have been giving to me since I was a child until now. I always try to be your hope, but, I apologize if I often make you disappointed in me. I wish having me can make you proud and happy.
- My sister and my brother, thank for your love, motivation and prayer. And all my big family in Bondowoso, thank you for the prayers and the attentions.
- My deepest thanks are also dedicated to my family in Cirebon, I really thank for your affections and spiritual supports (to be patient and sholat) which giving me a beautiful colorful life in my five years of love. Thank you since you open my mind that human being is nothing without His creature that is Allah SWT. Thank for theating me as your child because it means everything to me. I am really sorry for all my mistakes, but with your prayers and permission I would be a lucky child.

ACKNOWLEDGMENT

In the name of Allah, the God who Teaches us with pen and Teaches human beings of what they do not know. May peace be upon Prophet Muhammad SAW, the noblest human beings and the teacher of all people in the world. He is a chosen prophet who has most fluent tongue. All praise and gratitude be to Allah having power upon all people on earth, giving the inspiration, healthy, and the power of me, so i can finis this thesis.

In writing the thesis, I have a lot of valuable experiences till I finished this thesis. And it would not have been completed without any contributions, motivations and support from many people. Therefore, I would like to thanks with my deepest gratitude to:

- Prof. Dr. H. Imam Suprayogo, the Rector of State Islamic University of Malang.
- Drs. H. Ahmad Muhtadi Ridwan, MA as the Dean of the Management Department Faculty of Economics of State Islamic University of Malang.
- 3. H. Surjadi, SE, MM and Rohmani Nur Indah, MPd who have given me the attention, guidance and suggestions which helped me to finish the thesis.
- 4. Both of my beloved parents who have been giving border less love and tender wholeheartedfully which can not be compared by anything else. Also, for my big families and all of my sister / brother who have prayed for me.
- 5. Mr and Mrs Yulianto as the owner of "28" tofu home industry.
- 6. All of the administration staff dan employees of Management Depatment of Economic Faculty

7. All of my friends in Economics faculty esspecially for zaki, hanif, yani, anis and iis.

8. All f the parties who help completing this thesis.

Finally, I realize that this thesis still needs the constructive criticism and suggestions from the readers in order to make it better. And hopefully it can be useful for the readers, especially for Management Department Faculty of Economics of State Islamic University of Malang..

Malang, March 31st 2008

Elok Dawiyyatul Fathonah

TABLE OF CONTENT

INNER COVER ii	
APPROVAL SHEET iii	
LEGITIMATION SHEET iv	
DECLARATION SHEET v	
DEDICATION SHEET vi	
MOTTO vii	
ACKNOWLEDGMENT viii	i
TABLE OF CONTENT x	
TABLE OF PICTURE xiv	r
TABLE OF LISTxv	
TABLE OF APPENDIX xvi	į
ABSTRAK xvi	i
CHAPTER I : INTRODUCTION 1	
A. Background of The Study 1	
B. Statements of problems 4	
C. Objectives of The Study 4	
D. Significance of The Study 5	
CHAPTER II : RELATED LITERATURE 7	
A. Previous Studies 7	
B. Theoretical Review9	
1. External Environment 9	
2. Internal Environment 3	1
3. SWOT Analysis 3	
4. Definition of Strategy 3	
5. Strategy Planning	

	6. Marketing Strategy	43
	7. Marketing Strategy in Islamic Perspective	45
C.	Framework	48
	: REASEARCH METHOD	
A.	Reasearch Location	
В.		
C.	Data Sources	49
D.	Data Collection	50
E.	Definition of Operational Terms	51
F.	Data Analysis Method	52
CHAPTER IV	: FINDING AND DISCUSSION	60
A.	General Illustration of The Company	60
B.	Location of The Company	61
C.	Vision and Mission of The Company	61
D.	Organization chart of the Company	63
E.	Production Process	65
F.	Production Stages	69
G.	Employee and Wages System	72
H.	Environment Analysis	72
	1. External Environment Analysis	72
	2. Internal Environment Analysis	
I.	EFAS Analysis	
J.	IFAS Analysis	
K	SWOT Analysis	
Α.	2 2.2.1 11111 J 222	55
CHAPTER V:	CONCLUSION AND SUGGESTION	96
Α. (Conclusion	96

B. Suggestion	97
BIBLOGRAPHY	
APPENDIXES	

TABLE OF LIST

Table 2.1	: SWOT	15
Tabel 3.1	: Weight Criteria	5 4
Table 3.2	: Rating Criteria	5 5
Table 3.3	: EFAS	56
Table 3.4	: IFAS	57
Table 3.5	: SWOT Summary	58
Table 4.1	: Soybean Quality Levels	68
Table 4.2	: SWOT Matrix	95

TABLE OF PICTURES

Pictures 3.1 : SWOT Analysis Diagram	59
Pictures 4.1: Organizational Chart of "28" tofu home industry	63
Pictures 4.2 : Steps of Tofu Production	63

TABLE OF APPENDIX

 ${\bf Appendix} \ {\bf 1} \quad : {\bf Reasearch \ photos}$

Appendix 2 : Consultation schedule

ABSTRACT

Fathonah, Elok Dawiyyatul, 2007. THESIS. Title: "SWOT Analysis in

Application of Marketing Strategy (A Case

Study In "28" Tofu Home Industry)

Advisor : H. Surjadi, SE., MM

Key Word : SWOT Analysis, Descriptive, Internal,

External, Marketing Strategy

This study is done based on the current the environment condition of "28" tofu home industry, both of externally or internally. The aims of this study are to describe the marketing strategies which are used by "28" tofu home industry and to find out the appropriate marketing strategy to the condition of the company.

This study used descriptive design characteristic to give describe and analysis about the business environment of "28" tofu home industry. The data analysis method of this study is SWOT analysis to identify strength, weakness, opportunity and threat faced by "28" tofu home industry. SWOT analysis is also done to identify strategy which should be responded by the company.

The total score of the analysis on the company's internal factors is 1.09 and external factors is 1.08. Both results in the total score of the analysis on the finding out the result of SWOT analysis in which, the condition of the company is placed in quadrant I, meaning that the company has internal strength powers and high external opportunity.

The strategy which should be done is aggressive strategies that are to maximize internal strength of the company through various alternative strategies like concentration on market penetration, market development, product development, and innovation.

صلحتملا

SWOT قيليلحت :عوض ومل المراعل شحبل المراعل ،قن اطفل قيوذ SWOT كف" ،قيوستل المراعل المراعب الم

ريتس جامل عديرس جاحلا: فرشمل

، قي جراخ ، قي ل خاد ، يفصو ، SWOT قي لي ل حت : قي س ي رل ا قمي ل ك ل ا قي وستل اي جتارت س

ة عايبال عف قائيرشال قع يبال فورظال عم فالختي شحبال اذه عجتارتسال روصتي شحبال اذه فذه اله فذهاو الله عقي عتال قي لخادل عجتارتسال فرعيلو TAHU 28 قائيرشال الهام عتست عذل قي وستال قائيرشال فورظال بسانم قي وستال قائيرشال في وسال قائيرشال في المنابعة في وسال قائير شال في المنابعة في وسال قائير شال في المنابعة في وسال المنابعة في المنابعة في وسال ال

ةيركف ةروص عطعي عنعي يفصو فصتي شحبالا اذهو تانايب قيليلحت حانملا 28 TAHU تكيرشالا قعيب الراح نع قيليلحت تانايب قيليلحت عنمالا 38 SWOT قليب الله عنه المام على الله على الله على الله على الله عنه عنه الله عنه ال

لوانتي ةكيرشلا كالت ىف ةيلخاد قيليلحتلا لماوع نم لصاحلا دعبو .1.18 امددع لوانتي قيجراخ قيليلحتلا لماوع لصاحلاو 09.1 امددع كوانتي قيجراخ قيليلحتلا لماوع لصاحلا لوانتي SWOT قيليلحتلا نم لصاحلا لوانت ادا ،نالماعلا لصاحلا لوانتي كلت أنّ فرعن كلذ نم ،لوالا اردوق ىف عقت قكيرشلا فورظلا عنعي قريبكلا قيجراخلا على قصرفو قيل خادلا قوق كلمت قكيرشلا

CHAPTER I

INTRODUCTION

A. Background of The Study

Nowadays, the condition of environment is increasingly complicated and complex and it changes every second, either external or internal environment. The existence of companies is related to the environment of business, in which the situation and condition of an environment have strong influence to the operational of a company. There have been more competitive rivalries among companies so that the factor of the environment can not be ignored by them.

Every company has to know the environment changes occurring happen, because it is completely important to determine the strategy that will be decided by the company to achieve its goals. Therefore, it needs a mature planning to obtain them. And if the environment is easier to change, the impact of the implementation of the strategy is greater.

Marketing has an important role for the existence of the company. Marketing is a function which has greatest contact with external environment; yet, the company simply has limited control to it. Consequently, marketing plays an essential role in developing the strategy (Tjiptono, 1997; 16). Tull and Kahl (in Tjiptono; 1997), define marketing

strategy as a fundamental mean which is planned to gain the goals of the company by developing the dominance to compete continuously via market established and marketing program that is used to serve the objective market up. Formulating marketing strategy needs some analytic approaches by understanding the strength and the weakness, the opportunity and the threat in the company so that is it capable to face the changes of the environment. The changes of that environment can be analyzed by using SWOT analysis.

SWOT analysis is an identification of external and internal factor and it is also a strategy which reflects the comparison between both of them. Logically, an effective strategy is the way to maximize the strength and the opportunity of business, but in the same time it is also minimizes the weakness and the threat.

The purpose of the implementation of SWOT analysis that is done by the company is for obtaining the compatibility between the strength and the weakness of the company with the opportunity and the threat obstructing the goal achievement. Therefore, the manager has to analyze the external and internal environment to identify the factors which have influence the company, predict the next action based on the trend, determine the opportunity and the threat shown by external environment, identify the internal environment factor of the company, establish the strength and the weakness of the company shown by internal environment.

Tofu is known since a long time ago, particularly in Java, as food supplement to staple food; which is a source of protein with low cholesterol. The price of tofu is still low compared to other food source of protein such as fish, chicken and meat. Yet, the existence of tofu home industries can not be separated from competitors, because in Java Island, there are lots of home industries. Like any other companies, tofu home industries need strategy to reach their goals. Because of that reason, making a SWOT analysis is very important.

"28" tofu home industry is a new company and the biggest tofu industry in Bondowoso. Although not long established "28" tofu home industry has average production 1 - 1, 5 ton/days, in fact the production ever reach for 2 ton in fasting month "Ramadhan" and "Idul Fitri". Another strengthen is on its main material which uses local soybeans and imported American soybeans. These, make "28" tofu home industry have better value and quality.

To face the increasing soybean price and equalize customer demands must have new strategy. It has to know every positive and negative things of their company by using SWOT analysis which has important influence to formulate its new marketing strategy. All of the explanations which are resulted from SWOT analysis will inform the management about the condition of the area and the position of the company. These information are as the basis in determine the marketing strategy which is exactly appropriate to be done in order that the goal of the company can be achieved.

Based on the explanation above, the title of this study is SWOT ANALYSIS IN APPLICATION OF MARKETING STRATEGY, A Case Study in "28" Tofu Home Industries.

B. Statements of The Problems

Based on the background of the study above, this research is intended to answer the problems as follow:

- 1. How is the marketing strategy used in "28" tofu home industries?
- 2. What the marketing strategy is appropriate to the condition of the company?

C. Objectives of The Study

In relation to the previous problems of the study, there are two objectives to achieve:

1. To describe the marketing strategy used in "28" tofu home industries.

2. To find out the appropriate marketing strategy to the condition of the company.

D. Significance of The Study

The result of the study is generally supposed to give both theoretical and practical contribution to the area of economics, especially in the analysis of SWOT by application of marketing strategy. Theoretically, the finding of this study is expected to give additional perspective in the framework of economics which deals with the SWOT analysis in application of marketing strategy.

Practically, there are two significances of the study, namely:

1. For the researcher

- a) This research can be a medium for developing the perception and science concerning to the real condition of the company.
- b) It can be used as a means for applying science which is given in the university and comparing it with the real condition of the job world.

2. For the company

c) The research can help the company to know about the strength, weakness, opportunity and threat so that the company will be exist constantly. d) It gives a little contribution of idea in applying the marketing strategy in the area of the company.

3. For the readers or the next researchers

The result of this study is expected to be a valuable reference in developing the knowledge for the readers and it also can be an object of the comparison for the next researches.

CHAPTER II

RELATED LITERATURE

A. Previous Studies

Researchers	Title and	Research	Research	Result of the
	year of the	Method	Variable	Research
	Research			
Setyawati	Analisis	SWOT	Strength	The company can
	SWOT dalam	Analysis	Weakness	be in the
	Penetapan		Opportunity	quadrant 1 by
	Strategi		Threat	opportunity of
	Umum Hotel			the area (1, 050)
	Sri Rejeki di			and the strength
	Blitar (2001)			of internal
				company (1, 380).
				By this position,
				the most
				appropriate
				strategy that is
				applied by the
				company is

				expansion
				strategy which is
				done to
				maximize
				internal strength.
Rahayu	Peranan	Analisis	Strength	The institution is
	Analisis	SWOT	Weakness	in the third cell.
	SWOT dalam		Opportunity	Its weakness is
	Merumuskan		Threat	greater than its
	Strategi			strength; the
	Perusahaan			opportunity
	Studi Kasus			faced is also
	pada			greater than the
	Yayasan Perti			threat. The
	X Malang			strategy needed
	(2005)			to be done is
				introspection
				strategy, i.e.
				correcting the
				weakness for
				winning the

		competition from
		the opportunity
		of the external
		area.

The similarity of this study with the above researchers lied on the method used, that is, SWOT analysis. Meanwhile, the differences lied in the application focus of marketing strategy and the research location.

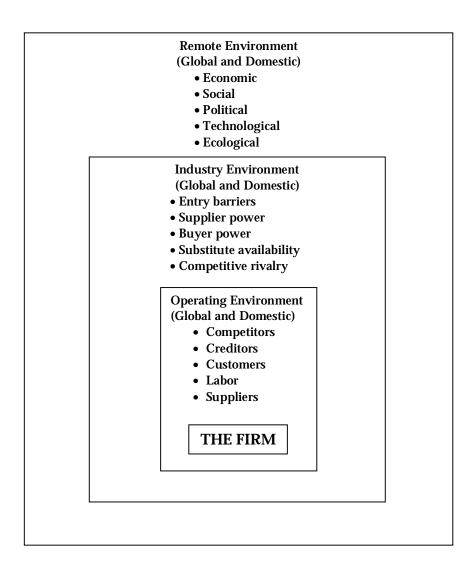
B. Theoretical Review

1. External Environment

A host of external factors influence a firm's choice of direction and action and, ultimately, its organizational structure and internal processes. These factors, which constitute the external environment, can be divided into three interrelated subcategories: factors in the remote environment, factors in the industry environment, and factors in the operating environment. Figure 1 suggests the interrelationship between the firm and its remote, its industry, and its operating environments. In combination, these factors form the basis of the opportunities and threats that a firm faces in its competitive environment (Pearce and Robinson; 2000: 71).

PICTURE 2.1

The Firm's External Environment



Source: Pearce and Robinson (2000: 72)

A. Remote Environment

Pearce and Robinson (2000; 71) say that;

"The remote environment comprises factors that originate beyond and usually irrespective of, any single firm's operating situation: (1) economic, (2) social, (3) political, (4) technological, and (5) ecological factors. That environment presents firms with opportunities, threats, and constraints, but rarely does a single firm exert any meaningful reciprocal influence".

1. Economic Factors

Economic factors concern with the nature and direction of the economy in which a firm operates. Because consumption patterns are affected by the relative affluence of various market segments, the strategic planning of each firm must consider economic trends in the segments that affect its industry (Pearce and Robinson; 2000: 71).

2. Social Factors

The social factors that affect a firm involve the beliefs, values, attitudes, opinions, and lifestyles of persons in the firm's external environment, as developed from cultural, ecological, demographic, religious, educational, and ethnic conditioning. The social attitudes change as well as the demand for various types of clothing, books, leisure, activities, and so on. Like other forces in the remote external environment, social forces are dynamic, with constant change resulting from the efforts of

individuals to satisfy their desires and needs by controlling and adapting with environmental factors (Pearce and Robinson; 2000: 72).

3. Political Factors

The direction and stability of political factors is a major consideration for managers on formulating company strategy. Political factors define the legal and regulatory parameters within which firms must operate. Political constraints are placed on firms through fair trade decisions, antitrust laws, tax programs, minimum wage legislation, pollution and pricing policies, administrative jawboning, and many other actions aimed at protecting employees, consumers, the general public, and the environment. Since such laws and regulations are most commonly restrictive, they tend to reduce the potential profits of firms. However, some political actions are designed to benefit and protect firms. Such actions include patent laws, government subsidies, and product research grants. Thus, political factors either may limit or benefit the firms they influence (Pearce and Robinson; 2000: 73-74).

Supplier Function

Government decisions regarding the accessibility of private businesses to government owned natural resources and national stockpiles of agricultural products will affect profoundly the viability of the strategies of some firms (Pearce and Robinson; 2000: 74).

Customer Function

Government demand for products and services can create, sustain, enhance, or eliminate many market opportunities (Pearce and Robinson; 2000: 74).

4. Technological Factors

The fourth set of factors in the remote environment involves technological change. To avoid obsolescence and promote innovation, a firm must be aware of technological changes that might influence its industry. Creative technological adaptations can suggest possibilities for new products, for improvements in existing products, or in manufacturing and marketing techniques.

A technological breakthrough can have a sudden and dramatic effect on a firm's environment. It may spawn sophisticated new markets and products or significantly shorten the anticipated life of a manufacturing facility. Thus, all firms, and most particularly those in turbulent growth industries, must strive for an understanding both of the existing, technological advances and the probable future advances that can affect their products and services. This quasiscience of attempting to foresee advancements and estimate their impact on an organization's operations is known as technological forecasting. Technological forecasting can help protect and improve the profitability of firms in growing industries. It alerts

strategic managers to both impending challenges and promising opportunities (Pearce and Robinson; 2000: 76).

5. Ecological Factors

The most prominent factor in the remote environment is often the reciprocal relationship between business and the ecology. The term ecology refers to the relationships among human beings and other living things and the air, soil, and water that support them. Threats to our life supporting ecology caused principally by human activities in an industrial society are commonly referred to as pollution (Pearce and Robinson; 2000: 76-77).

B. Industry Environment

Pearce and Robinson (2000) clarify that

"The nature and degree of competition in an industry hinge on five forces: the threat of new entrants, the bargaining power of customers, the bargaining power of suppliers, the threat of substitute products or services (where applicable), and the jockeying among current contestants".

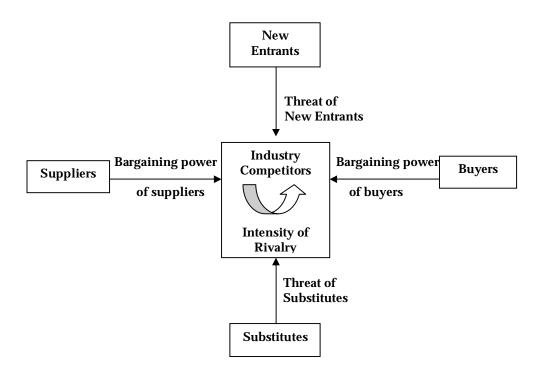
To establish a strategic agenda for dealing with these contending currents and to grow despite them, a company must understand how they work in its industry and how they affect the company in its particular situation. This chapter will detail how these forces operate and suggest ways of adjusting to them, and, where possible, of taking advantage of opportunities that they create.

How Competitive Forces Shape Strategy

The essence of strategy formulation is coping with competition. Yet it is easy to view competition too narrowly and too pessimistically. While one sometimes hears executives complaining to the contrary, intense competition in an industry is neither coincidence nor bad luck.

The state of competition in an industry depends on five basic forces, which are diagramed in figure 2. The collective strength of these forces determines the ultimate profit potential of an industry (Pearce and Robinson; 2000: 85).

Picture 2.2
Forces Driving Industry Competition



Source: Pearce and Robinson (2000: 86)

Contending Forces

The strongest competitive force or forces determine the profitability of an industry and so are of greatest importance in strategy formulation.

Different forces take on prominence, of course, in shaping competition in each industry. Every industry has an underlying structure, or a set of fundamental economic and technical characteristics, that gives rise to these competitive forces. The strategist, wanting to position his or her company to cope best with its industry environment or to influence that environment in the company's favor, must learn what makes the environment tick (Pearce and Robinson; 2000: 86)

a. Threat of Entry

New entrants to an industry bring new capacity, the desire to gain market share, and often substantial resources. Companies diversifying through acquisition into the industry from other markets often leverage their resources to cause a shake-up.

The seriousness of the threat of entry depends on the barriers present and on the reaction from existing competitor that the entrant can expect. If barriers to entry are high and newcomers can expect sharp retaliation from the entrenched competitors, they obviously will not pose a serious threat of entering (Pearce and Robinson; 2000: 87). There are six major sources of barry to entry:

a. Economic of scale

These economies deter entry by forcing the aspirant either to come in on a large scale or to accept a cost disadvantage.

b. Product differentiation

Brand identification creates a barrier by forcing entrants to spend heavily to overcome costumer loyalty. Advertising, customer service, being first in the industry, and product differences are among the factors fostering brand identification.

c. Capital requirements

The need to invest large financial resources in order to compete creates a barrier to entry, particularly if the capital is required for unrecoverable expenditures in up-front advertising or R&D. Capital requirements is necessary not only for fixed facilities but also for customer credit, inventories, and absorbing start-up losses.

d. Cost disadvantages independent of size

Entrenched companies may have cost advantages not available to potential rivals, no matter what their size and attainable economies of scale are.

e. Access to distribution channels

The newcomers must secure distribution of their product or service.

f. Government policy

The government can limit or even foreclose entry to industries, with such controls as incense requirements and limits on access to raw materials (Pearce and Robinson; 2000: 88).

b. Powerful Suppliers

Pearce and Robinson (2000: 88) give explanations that;

"Suppliers can exert bargaining power on participants in an industry by raising prices or reducing the quality of purchased goods and services. Powerful suppliers, thereby, can squeeze profitability out of an industry unable to recover cost increases in its own prices".

The power of each important supplier (or buyer) group depends on a number of characteristics of its market situation and on the relative importance of its sales or purchases to the industry compared with its overall business (Pearce and Robinson; 2000: 90).

A supplier group is powerful if:

- a. It is dominated by a few companies and is more concentrated than the industry it sells.
- b. Its product is unique or at least differentiated, or if it has built-up switching costs.
- c. It is not obliged to contend with other products for sale to the industry.

- d. It poses a credible threat of integrating forward into the industry's business. This provides a check against the industry's ability to improve the terms on which it purchases.
- e. The industry is not an important customer of the supplier group (Astiko; 2004: 53)

c. Powerful buyers

Customers likewise can force down prices, demand higher quality or more service, and play competitors of against each other all at the expense of industry profits.

A buyer group is powerful if:

- a. It is concentrated on purchases in large volumes.
- b. The products purchased from industry undifferentiated purposed.
- c. The products purchased obverse the industry form a component of its product and represent a significant fraction of its cost.
- d. It earns low profits, which create great incentive to lower its purchasing costs.
- e. The industry's product is unimportant to the quality of the buyers' products or services.
- f. The industry's product does not save the buyer's money.
- g. The buyers pose a credible threat of integrating backward to make the industry product (Astiko; 2004: 53-54)

d. Substitute products

By placing a ceiling on the prices it can charge, substitute products or services limit the potential of an industry. It can upgrade the quality of the product or differentiate it somehow the industry will suffer in earnings and possibly in growth. The more attractive the price-performance trade-off offered by substitute products, the firmer the lid placed on the industry's profit potential. Substitute products that deserve the most attention strategically are those that are subject to trends improving their price-performance trade-off with the industry's product or those that are produced by industries earning high profits. Substitutes often come rapidly into play if some development increases competition in their industries and causes price reduction or performance improvement (Pearce and Robinson; 2000: 91).

e. Jockeying for position

Rivalry among existing competitors takes the familiar form of jockeying for position using tactics like price competition, product introduction, and advertising slugfests. This type of intense rivals is related to the presence of a number of factors:

- a. Competitors are numerous or are roughly equal in size and power.
- Industry growth is slow, precipitating fights for market share that involve expansion minded members.

- c. The product or service lacks differentiation or switching costs, which lock in buyers and protect one combatant from raids on its customers by another.
- d. Fixed costs are high or the product is perishable, creating strong temptation to cut prices.
- e. Capacity normally is augmented in large increments.
- f. Exit barriers are high.
- g. The rivals are diverse in strategies, origins, and personalities (Pearce and Robinson; 2000: 91-92).

Industry Analysis and Competitive Analysis

Pearce and Robinson (2000: 92) describe that designing variable strategies for a firma requires a thorough understanding of the firm's industry and competition. The firm executives need to address four questions; (1) what are the boundaries of the industry? (2) What is the structure of the industry? (3) Which firms are our competitors? (4) What are the major determinants of competition? The answers to these questions provide a basis for thinking about the appropriate strategies that are open to the firm.

Industry Boundaries

Pearce and Robinson (2000: 93) explain that an industry is a collection of firms that offer similar products or services. Similar products mean products that customers perceive to be substitutable for one another.

Why is a definition of industry boundaries important?

First, it helps executives determine the arena in which their firm is competing.

Second, a definition of industry boundaries focuses attention on the firm competitors. Defining industry boundaries enables the firm to identify its competitors and producers of substitute products. This is critically important to the firm design of its competitive strategy.

Third, a definition of industry boundaries helps executives determine key factors for success. Firms that compete in the premier segment need to be on the cutting edge of technological development and provide of extensive customer support and education. On the other hand, firm that competes in the lower end need to excel in imitating the products introduced by the premier segment, to focus on customer convenience and to maintain operational efficiency that permits them to charge the lowest market price. Defining industry boundaries enables executives to ask these questions: Do we have the skills it takes to succeed here? If not what must we do to develop these skills?

Finally a definition of industry boundaries gives executives another basis on which to evaluate their firm's goals. Executives use that definition to forecast demand for their firm's products and service. Armed with that forecast, they can determine whether those goals are realistic (Pearce and Robinson; 2000: 93).

Problems in Defining Industry Boundaries

Defining industry boundaries requires both caution and imagination. Caution is necessary because there are no precise rules for this task and because a poor definition will lead to poor planning. Imagination is necessary because industries are dynamic in every industry; important changes are under way in such key factors as competition, technology, and consumer demand (Pearce and Robinson; 2000: 93-94).

Defining industry boundaries is a very difficult task. The difficulty stems from three sources:

- a. The evolution of industries over time creates new opportunities and threats.
- b. Industrial evolution creates industries within industries.
- c. Industries are becoming global in scope.

Developing a Realistic Industry Definition

Given the difficulties outlined above, how do executives draw accurate boundaries for an industry? The starting point is a definition of the industry in global terms; that is, in terms that consider the industry's international components as well as its domestic components (Pearce and Robinson; 2000: 94).

To realistically define their industry; executives need to examine five issues:

- a. Which part of industry corresponds to our firm's goals?
- b. What are the key ingredients of success in that part of the industry?
- c. Does our firm have the skills needed to compete in that part of the industry? If not, can we build those skills`?
- d. Will the skills enable us to seize emerging opportunities and deal with future threats?
- e. Is our definition of the industry flexible enough to allow necessary adjustments to our business concept as the industry grows?

Industry Structure

Defining industry boundaries is incomplete without an understanding of its structural attributes. Structural attributes are the enduring characteristics that give an industry its distinctive character (Pearce and Robinson; 2000: 95).

How can we explain such variations among industries? The answer lies in examining the four variables that industry comprises:

a. Concentration,

- b. Economies of scale,
- c. Product differentiation, and
- d. Barriers to entry.

C. Operating Environment

The operating environment, also called the competitive or task environment, comprises factors in the competitive situation that affect a firm's success in acquiring needed resources or in profitably marketing its goods and services. Among the most important of these factors are the firm's competitive position, the composition of its customers, its reputation among suppliers and creditors, and its ability to attract capable employees. The operating environment is typically much more subject to the firm's influence or control that the remote environment. Thus, firms can be much more proactive (as opposed to reactive) in dealing with the operating environment than in dealing with the remote environment (Pearce and Robinson; 2000: 98).

1. Competitive position

Assessing its competitive position improves a firm's chances of designing strategies that optimize its environmental opportunities. Development of competitor profiles enables a firm to more accurately forecast both its short and long term growth and its profit potentials.

Although the exact criteria used in constructing a competitor's profile are largely determined by situational factors, the following criteria are often included (Pearce and Robinson; 2000: 99);

- a. Market share.
- b. Breadth of product line.
- c. Effectiveness of sales distribution.
- d. Proprietary and key account advantages.
- e. Price competitiveness.
- f. Advertising and promotion effectiveness.
- g. Location and age of facility.
- h. Capacity and productivity.
- i. Experience.
- j. Raw materials costs.
- k. Financial position.
- l. Relative product quality.
- m. R&D advantages position.
- n. Caliber of personnel.
- o. General images.
- p. Customer profile.
- q. Patents and copyrights.
- r. Union relations.

- s. Technological position.
- t. Community reputation.

2. Customer Profiles

Perhaps the most vulnerable result of analyzing the operating environment is the understanding of a firm's customers that this provides. Developing a profile of a firm's present and prospective customers improves the ability of its managers to plan strategic operations, to anticipate changes in the size of markets, and to reallocate resources so as to support forecast shifts in demand patterns. The traditional approach to segmenting customers is based on customer profiles constructed from geographic, demographic, psychographic, and buyer behavior information (Pearce and Robinson; 2000: 100).

Enterprising companies have quickly learned the importance of identifying target segment. In recent years, market research has increased tremendously as companies realize the benefits of demographic and psychographic segmentation (Pearce and Robinson; 2000: 100).

Geographic

It is important to define the geographic area from which customers do or could come. Almost every product or service has some quality that makes it variably attractive to buyers from different locations (Pearce and Robinson; 2000: 100).

Demographic

Demographic variables most commonly are used to differentiate groups of present or potential customers. Demographic information (e.g., information on sex, age, marital status, income, and occupation) is comparatively easy to collect, quantify, and use in strategic forecasting, and such information is the minimum basis for a customer profile.

Psychographic

Personality and lifestyle variables often are better predictors of customer purchasing behavior than geographic or demographic variables. In such situations, a psychographic study is an important component of the customer profile (Pearce and Robinson; 2000: 100).

Buyer Behavior

Buyer behavior data also can be a component of the customer profile. Such data are used to explain or predict some aspect of customer behavior with regard to a product or service (Pearce and Robinson; 2000: 102).

Some dangerous implicit assumptions about customer behavior are:

- a. Customers will buy our product because we think it is a good product.
- b. Customers will buy our product because it is technically superior.
- c. Customers will agree with our perception that the product is great.
- d. Customers run no risk in buying from us instead of continuing to buy from their past suppliers.

- e. The product will sell it self.
- f. Distributors are desperate to stock and service the product.
- g. We can develop the product on time and on budget.
- h. We will have no trouble attracting the right staff.
- i. Competitors will respond rationally.
- j. We can insulate our product from competition.
- k. We will be able to hold down prices while gaining share rapidly.
- The rest of our company will gladly support our strategy and provide help as needed (Pearce and Robinson; 2000: 103).

3. Suppliers

Dependable relationship between a firm and its suppliers are essential to the firm's long-term survival and growth. A firm regularly relies on its suppliers for financial support, services, materials, and equipment. In addition, it is occasionally forced to make special requests for such favors as quick delivery, liberal credit terms, or broken lot orders. Particularly, at such times, it is essential for a firm to have had an ongoing relationship with its suppliers (Pearce and Robinson; 2000: 103).

In assessing a firm's relationships with its suppliers, several factors, other than the strength of that relationship, should be considered.

With regard to its competitive position with its suppliers, the firm should address the following questions:

- a. Are the suppliers' prices competitive? Do the suppliers offer attractive quantity discounts?
- b. How costly are their shipping charges? Are the suppliers competitive in terms of production standards?
- c. In terms of deficiency rates, are the suppliers abilities, reputations, and services competitive?
- d. Are the suppliers reciprocally dependent on the firm?

4. Creditors

Because the quantity, quality, price, and accessibility of financial, human, and material resources are rarely ideal, assessment of suppliers and creditors are critical to an accurate evaluation of a firm's operating environment. With regard to its competitive position with its creditors, among the most important questions that the firm should addresses are the following:

- a. Do the creditors fairly value and willingly accept the firm's stock as collateral?
- b. Do the creditors perceive the firm as having an acceptable record of past payment?
- c. Is the power working capital position, little or no leverage?

- d. Are the creditors' loan terms compatible with the firm's profitability objectives?
- e. Are the creditors able to extend the necessary lines of credit?

The answers to these and related questions help a firm forecast the availability of the resources it will need to implement and sustain its competitive strategies (Pearce and Robinson; 2000: 104).

5. Human Resources: Nature of The Labor Market

A firm's ability to attract and hold capable employees is essential to its success. However, a firm's personnel recruitment and selection alternatives often are influenced by the nature of its operating environment. A firm's access to needed personnel is affected primarily by three factors: the firm's reputation as an employer, local employment rates, and the ready viability of people with the needed skills (Pearce/Robinson; 2000: 104).

- a. Reputation
- b. Employment Rates
- c. Availability

2. Internal Environment

Three ingredients are, critical to the success of a strategy. First, the strategy must be consistent with conditions in the competitive

environment. Specifically, it must take advantage of existing or projected

opportunities and minimize the impact of major threats. Second, the

strategy must place realistic requirements on the firm's resources. In other

words, the firm's pursuit of market opportunities must be based not only

on the existence of external opportunities but also on competitive

advantages that arise from the firm's key resources. Finally, the strategy

must be carefully executed (Pearce and Robinson; 2000: 191)

Managers often do this subjectively, based on intuition and "gut

feel." Years of seasoned industry experience positions managers to make

sound subjective judgments. But just as often on more often, this may not

be the case. In fast-changing environments, reliance on past experiences

can cause management myopia or a tendency to accept the status quo and

disregard signals that change is needed. And with managers new to

strategic decision making, subjective decisions are particularly suspect. A

lack of experience is easily replaced by emotion, narrow functional

expertise, and the opinions of other creating the foundation on which

newer manager build strategic recommendations. So it is that new

managers subjective assessments often come back to haunt them. (Pearce

and Robinson; 2000: 191)

Key Internal Factors: Potential Strengths or Weakness

Marketing:

32

- a. Firm's products services: breadth of product line.
- b. Concentration of sales in a few products or to a few customers.
- c. Ability to gather needed information about markets.
- d. Market share or submarket shares.
- e. Product service mix and expansion potential: life cycle of key products; profit sales balance in product service.
- f. Channels of distribution: number, coverage, and control.
- g. Effective sales organization: knowledge of customer needs.
- h. Product service image, reputation, and quality.
- Imaginativeness, efficiency, and effectiveness of sales promotion and advertising. Pricing strategy and pricing flexibility.
- j. Procedures for digesting market feedback and developing new products, services, or markets (Pearce and Robinson; 2000: 201).

3. SWOT Analysis

SWOT is an acronym for the internal Strengths and Weaknesses of a firm and the environmental opportunities and threats facing that firm. SWOT analysis is a widely used technique trough which managers create a quick overview of a company's strategic situation (Pearce and Robinson; 2000: 202). A SWOT analysis is an excellent tool to use if the organization wants to take a step back and assess the situation they are in. Issues raised from the analysis are then used to assist the organization in developing their marketing mix strategy. A SWOT analysis must form the part of any prudent marketing strategy (www.learnmanagement2.net). It is based on the assumption that an effective strategy derives from a sound "fit" between internal resources (strengths and weaknesses) and its external situation (opportunities and weakness). A good fit maximizes a firm's strengths and opportunities and minimizes its weaknesses and threats. Accurately applied, this simple assumption has powerful implications for the design of as successful strategy.

Opportunities

An opportunity is a major favorable situation in a firm's environment. Key trends are one source of opportunities. Identification of a previously overlooked market segment, changes in competitive or regulatory circumstances, technological changes, and improved buyer or supplier relationships could represent opportunities for the firm (Pearce and Robinson; 2000: 202).

Threats

A threat is a major unfavorable situation in a firm's environment. Threats are key impediments to the firm's current or desired position. The

entrance of new competitors, slow market growth, increased bargaining power of key buyers or suppliers, technological changes, and new or revised regulations could represent threats to a firm's success. Understanding the key opportunities and threats facing a firm helps its managers identify realistic options from which to choose an appropriate strategy and clarifies the most effective niche for the firm. The second fundamental focus in SWOT analysis is the identification of internal strengths and weaknesses (Pearce and Robinson; 2000: 202)

Strengths

Strengths are a resources advantage relative to competitors and the needs of the markets a firm serves or expects to serve. It is a distinctive competence when it gives the firm a comparative advantage in the marketplace. Strengths arise from the resources and competencies available to the firm (Pearce and Robinson; 2000: 202).

Weaknesses

A weakness is a limitation or deficiency in one on more resources or competencies relative to competitors that impedes a firm's effective performance (Pearce and Robinson; 2000: 202).

SWOT analysis can be used in many ways to aid strategic analysis.

The most command way is to use it as a logical framework guiding systematic discussion of a firm's resources and the basic alternatives that

emerge from this resource based view. What one manager sees an opportunity, another may see as a potential threat. Likewise, strength to one manager may be a weakness to another. Different assessments may reflect underlying power considerations within the firm or differing factual perspectives. Systematic analysis of these issues facilitates objective internal analysis.

The diagram in figure 3 illustrates how SWOT analysis builds on the results of on RBV of a firm to strategic analysis. Key external opportunities and threats are systematically compare with internal resources and competencies that is, strengths and weaknesses in a structured approach. The objective is identification of one of four distinct patterns in the match between a firm's internal resources and external situation (Pearce and Robinson; 2000: 203)

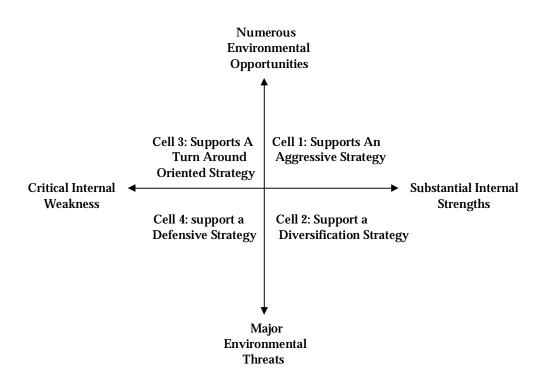
- 1. Cell 1 is the most favorable situation; the firm faces several environmental opportunities and has numerous strengths that encourage pursuit of those opportunities. This situation suggests growth oriented strategies to exploit the favorable match.
- 2. In cell 2, a firm who's RBV has identified several key strengths faces an unfavorable environment. In this situation, the strategies would seek to redeploy those strong resources and competencies to build, long-term opportunities in more opportunistic product markets.

- 3. A firm in cell 3 faces impressive market opportunity but is constrained by weak internal resources. The focus of strategy for such firm is eliminating the internal weaknesses so as to more effectively pursue the market opportunity
- 4. Cell 4 is the least favorable situation, with the firm facing major environmental threats from a week resource position. This situation clearly calls for strategies that reduce or redirect involvement in the products or markets examined by means of SWOT analysis (Pearce and Robinson; 2000: 203-204).

SWOT analysis has been a framework of choice among many managers for a long time for its simplicity and its portrayal of the essence of sound strategy formulation making a firm's opportunities and threats with its strengths and weaknesses. Central to making SWOT analysis effective is accurate internal analysis of the identification on specific strength and weaknesses from which sound strategy can be built. One of the historical deficiencies of SWOT analysis was the tendency to rely on a very general, categorical assessment of internal capabilities. The resource based view came to exist in part as a remedy to this void in the strategic management field. It is an excellent way to identify internal strengths and weaknesses and use that information to enhance the quality of an SWOT analysis (Pearce Robinson: 2000: 204). and

Picture 2.3

SWOT Analysis Diagram



Source: Pearce and Robinson (2000: 204)

4. Definition of Strategy

Johnson and Scholes (Exploring Corporate Strategy) define strategy as follows:

"Strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations".

In other words, strategy is about:

where the business is trying to get to in the long-term (direction).

which markets a business should compete in and what kinds of activities are involved in such markets (markets; scope).

how can the business perform better than the competition in those markets (advantage).

what resources (skills, assets, finance, relationships, technical competence, and facilities) required in order to be able to compete are (resources).

what external, environmental factors affect the businesses' ability to compete (Environment).

what the values and expectations of those who have power in and around the business are (stakeholders).

Strategies exist at several levels in any organization ranging from the overall business (or group of businesses) to individuals working in it.

Corporate Strategy concerns with the overall purpose and scope of the business to meet stakeholder expectations. This is a crucial level since it is heavily influenced by investors in the business and acts to guide strategic decision-making throughout the business. Corporate strategy is often

stated explicitly in a mission statement (Sexton; 2003: 30).

Business Unit Strategy concerns more with how a business competes successfully in a particular market. It concerns with strategic decisions about choice of products, meeting needs of customers, gaining advantage over competitors, exploiting or creating new opportunities etc (Sexton; 2003: 30).

Operational Strategy concerns with how each part of the business is organized to deliver the corporate and business-unit level strategic direction. Operational strategy; therefore, focuses on issues of resources, processes, people etc (Sexton; 2003: 30).

5. Strategy Planning

Businesses that succeed do so by creating and keeping customers. They do this by providing better value for the customer than the competition. Marketing management constantly have to assess which customers they are trying to reach and how they can design products and services that provide better value (http://www.tutor2u.com/strategy).

The main problem with this process is that the environment in which businesses operate is constantly changing. So a business must adapt to reflect changes in the environment and make decisions about how to change the marketing mix in order to succeed. This process of adapting and decision-making is known as marketing planning.

Where does marketing planning fit in with the overall strategic planning of a business? Strategic planning is concerned about the overall direction of the business. It is concerned with marketing, of course. But it also involves decision-making about production and operations, finance, human resource management and other business issues. The objective of a strategic plan is to set the direction of a business and create its shape so that the products and services it provides meet the overall business objectives (http://www.tutor2u.com/strategy).

Marketing has a key role to play in strategic planning, because it is the job of marketing management to understand and manage the links between the business and the environment. Sometimes this is quite a straightforward task. For example, in many small businesses there is only one geographical market and a limited number of products (perhaps only one product). However, consider the challenge faced by marketing management in a multinational business, with hundreds of business units located around the globe, producing a wide range of products. How can such management keep control of marketing decision-making in such a complex situation? This calls for well-organized marketing planning (http://www.tutor2u.com/strategy planning).

What are the key issues that should be addressed in strategic and marketing planning?

The following questions lie at the heart of any marketing and strategic planning process:

- a. where are we now?
- b. how did we get there?
- c. where are we heading?
- d. where would we like to be
- e. how do we get there?
- f. are we on course?
- g. why is marketing planning essential?

Businesses operate in hostile and increasingly complex environment. The ability of a business to achieve profitable sales is impacted by dozens of environmental factors, many of which are interconnected. It makes sense to try to bring some order to this chaos by understanding the commercial environment and bringing some strategic sense to the process of marketing products and services (http://www.tutor2u.com/strategy).

A marketing plan is useful to many people in a business. It can help to:

- a. identify sources of competitive advantage
- b. gain commitment to a strategy
- c. get resources needed to invest in and build the business

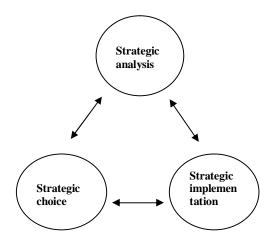
- d. inform stakeholders in the business
- e. set objectives and strategies
- f. measure performance

6. Marketing Strategy

In its broadest sense, strategic management (marketing, finance, human resource etc) is about taking strategic decisions, decisions that answer the questions above (http://www.tutor2u.com/strategy)
In practice, a thorough strategic management process has three main components, shown in the figure below:

Picture 2.4

Components Strategic Management Process



Source: <u>www.tutor2u.com/strategy</u>

In this section identify the general marketing strategy under

which this plan is being developed. It is very possible that a product will follow more than one strategy (e.g., sell more of same product to current customers but also find new customers in new markets). Plan developers may get some guidance and also rationale for strategy by examining results from the Situational Analysis. In particular, planners may look to strategies that are suggested within the scope of Product/Market Analysis Tools. Additionally, planners should refer to the Mission Statement in Step 1 to insure strategies are in line with how the company views self it. Strategies generally fall under one of the following (or in some cases more than one) ideas:

a. Market growth

- a. Higher market penetration
 - A. Sell more to same market (i.e., get current customers to buy more or buy more frequently)
 - B. If overall market is growing this may not necessarily mean a growth in overall market share
 - C. If overall market is not growing this means a growth in overall market share
- b. Find new markets
 - 1. Sell to markets or market segments not previously targeted

- 2. Develop new products for existing customers
- 3. Develop new products for new customers

b. Market stability

Techniques to keep the status quo

- Primarily used in times of economic decline or market decline
- 2. Generally requires the taking of market share from others in the industry

c. Cost control

Techniques to contain costs or operate more effectively

Can work in combination with market growth or market stability

d. Market exit

Techniques to depart a market (www.knowthis.com).

7. Marketing Strategy in Islamic Perspective

SWOT analysis forms the way to formulate marketing planning in the firm. Mannan (1992:36) in Ekonomi Islam "Teori dan Praktek", explains that Islam gives synthetic and plan which is realized through stimulus and leadership. That planning makes use of "Allah's gift" in a systematic manner to reach the goal, accompanying the concern with peoples' need and life value which change in broad meaning. Planning

related with preparations to formulate economic activity. Modern concept about planning, which must be understood specifically, possessed by Islam. This is because of the planning includes exploiting resources which are given by Allah SWT for human being. Although the existence of systematic criticism toward this problem has not been proven, all sorts of commandment in Al- Qur'an explained it.

"Then when the (Jumu'ah) Shalat (Prayer) is ended you may disperse through the land, and seek the Bounty of Allah (By the working, etc.) and remember Allah much: that you may be successful".(Al-Jumu'ah: 62:10)

The verse above explains the meaning of looking for "Allah's gift" which has deep meaning for all legal initiative which involves the people who complete their necessity. This is including the people who are involved in decision making and marketing strategy planning needed by the firms.

Islam has kind of priority and quality to all everything firstly about

products which wants consuming by the peoples. It has been hoped balance of satisfaction and relationship between producer and consumer.

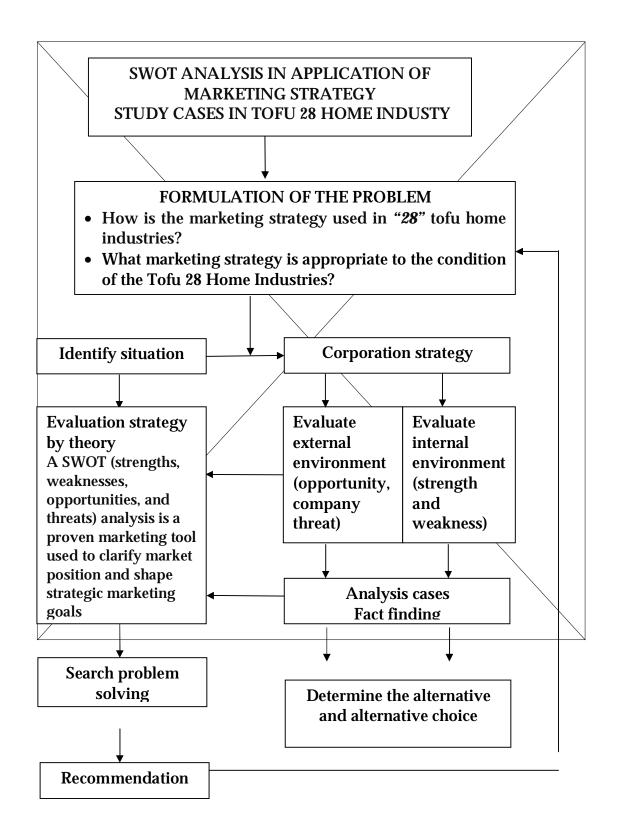
Al- Qur'an and Sunnah explained;

```
$ yg•fr' * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f * f
```

Means: "Whoso doeth that through aggression and injustice, we shall cast him into fire, and that is ever easy for Allah. (An-Nisa' :29).

The products is resulted by company beside have quality, they must have benefit for the peoples in their live.

3. Framework



CHAPTER III

RESEARCH METHOD

A. Research Location

This research is done in "28" tofu home industries at Jalan Raya Pakisan 28, Mas Kuning Kulon RT 11/RW 03 Kecamatan Pujer, Kabupaten Bondowoso.

B. Research Design

According to Marzuki (2005; 12) based on the standard, researches are classified into descriptive and inferential research. This research uses descriptive research design which describes object condition and does not test hypothesis. It employs SWOT analysis approach. A SWOT (strengths, weaknesses, opportunities, and threats) analysis is a proven marketing tool used to clarify market position and shape strategic marketing goals.

C. Data Sources

There are two kinds of data sources in this research, namely:

1. Primary data

Primary data are gained by doing an interview and observation directly to the object that is analyzed. The primary data in this research are from informant whose knows about the firm.

2. Secondary data

Secondary data are achieved through means of mediator (gained and written by outsider). The secondary data in this research are from internet, newspaper and television.

D. Data Collection

There are several techniques that are used in collecting the data in this research, they are:

1. Interview

Interview technique is the way which is used by doing dialogue with the respondents directly or by giving questions to them (Arikunto; 2002: 133).

2. Observation

Observation technique is the way that is used for getting the data in the research by means of direct observation to the object (Arikunto; 2002: 133).

3. Documentation

By using documentation technique, the researcher supplies written matters such as books, magazines, newspapers, notes, etc. (Arikunto; 2002: 28)

E. Definition of Operational Terms

The variable which is analyzed refers to the research problems using the SWOT analysis which consists of external area analysis (opportunity, threat) and internal area analysis (strength, weakness).

Strength: Company strength is a successful application of a competency or exploitation of a critical factor to develop company competitiveness.

Weakness: Company weakness is an unsuccessful application of a competency or the non-exploitation of a critical factor that diminishes company competitiveness.

Opportunity: Opportunity is an external condition that could positively impact the company's critical performance parameters and improve competitive advantage provided positive action is taken in time.

Threat: A threat is an external condition that could negatively impact the company's critical performance parameters and diminish

competitive advantage provided positive action is not taken in time.

F. Data Analysis Method

The data analysis method in this research use SWOT Analysis. A SWOT (strengths, weaknesses, opportunities, and threats) analysis is a proven marketing tool used to clarify market position and shape strategic marketing goals.

Procedure

Step 1:

External Opportunities and Threats

These include:

Identifying the external factors into the EFAS table, brainstorming the opportunities and threats using the definitions provided previously, and use the examples given in the sample tables as a guide.

Step 2:

Internal Strengths and Weaknesses

These include;

Identify the internal factors into the IFAS table, and concentrasy on current and past performance of the company in the market place. This reviewing marketing, financial, manufacturing, and organizational and any other competencies those are relevant to the company. After word, brainstorm factors that influence each competency.

Step 3:

Finally, go into the strength, weaknesses, opportunities and threats into table of SWOT summary.

Once the SWOT review is complete, the future strategy may be readily apparent or, as is more likely the case, a series of strategies or combinations of tactics will suggest themselves. The SWOT analysis to help identifying possible strategies as follows:

- 1. Build on strengths
- 2. Resolve weaknesses
- 3. Exploit opportunities
- 4. Avoid threats

The resulting strategies can then be filtered and mounded to form the basis of a realistic strategic plan.

Table 3.1
Weight Criteria

No	Weight Quantity	Criteria
1	0.00→ 0%	No influence and not important
		Changed of this aspect haven't influence and not
		important
2	0.05→ 5%	Under average
		Changed of this aspect caused low decrease and
		increase for industry
3	0.10→ 10%	Average
		Changed of this aspect caused high decrease and
		increase for industry
4	0.15 → 15%	Above average
		Changed of this aspect have much influence and
		caused high decrease and increase for industry
5	0.20 20%	High and strong
		This aspect have much influence, and without it, the
		company can't developed

Source: Umar: 2001

Table 3.2
Rating Criteria

Strength/Opportunity	Weakness/Threat	
— ♣ higher — № high — 2> average — ▶ 1 low	 →4 low →3 average →2 high → higher 	

Freddy Rangkuti: 2006;

Table 3.3
EFAS (External Factors Analysis Summary)

External Strategy Factors	Weight	Rating	Weight x Rating
Opportunity			
Threat			
TOTAL	1,00		

Source: Freddy Rangkuti (2006: 24)

Table 3.4

IFAS (Internal Factors Analysis Summary)

Internal	Weight	Rating	Weight x
Strategy			Rating
Factors			244424
Strength			
8			
Weakness			
TOTAL	1,00		

Source: Freddy Rangkuti (2006: 25)

Table 3

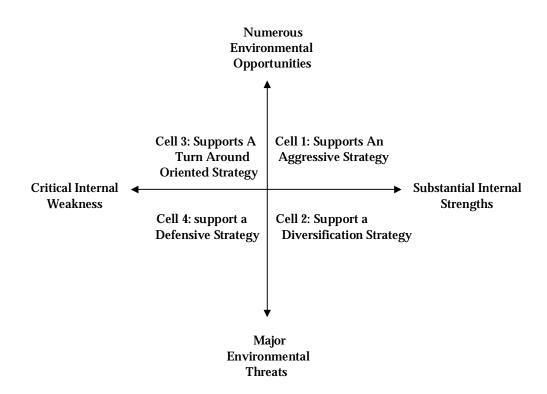
SWOT Summary

IFAS	Strengths (S)	Weaknesses (W)
	Make 5–10 Strengths	• Make 5–10 Weaknesses
EFAS		
Opportunities (O)	Strategy SO	Strategy WO
• Make 5–10 Opportunities	Make maximum strength strategy to use the opportunity	Make minimum weakness strategy to use the opportunity
Threats (T)	Strategy ST	Strategy WT
• Make 5–10 Threats	Make strength strategy to contend the threat	Make minimum weakness strategy to avoid the threat

Source; Freddy Rangkuti (2006: 31)

Picture 3.1

SWOT Analysis Diagram



Source: Pearce and Robinson (2000: 204)

CHAPTER IV

DISCUSSION

A. General Illustration Of The Company

"28" tofu home industry as a company which focuses in food industry, that is tofu. It has an address at Jalan Raya Pakisan 28, Mas Kuning Kulon RT 11/RW 03 Kecamatan Pujer, Kabupaten Bondowoso. It stands up in May 2007, but it starts production in June 13 2008, following the license process by government area with license number 503/54/430. 614/2007. This company stands up by initiative Mr. Yulianto and his wife Mrs. Yulianto as a straight manager to expand their business by diversification product. The leadership of this company uses family system. Yet, between the owner as a manager and employees, there has been limit control of their each job. The owner always protected the relationship with employees.

This company once produced as much as 3 quintal for trial, but in fact there are many demands from consumers. This reason supports the manager to add productions capacity and product quality to make costumer satisfied. Their work has been successful, for now the average production is 1, 5 until 2 ton a days. Beside that, the price supply is cheaper than the other companies. In addition, the location of the company is very strategic which is near with the central market.

B. Location of the company

Choosing location is one of fundamental factors to company achievement "28" tofu home industry positioned their company in strategic place, at Jalan Raya Pakisan number 28, Mas Kuning Kulon RT 11/RW 03 Kecamatan Pujer, Kabupaten Bondowoso. It is located close by the central market of the distric.

C. Vision, Mission and Objective of The Company

1. Vision

Every company has vision for their long term plan. It states its expectation and as reference in the implementation strategy to be done. Based on the interview with the owner, the vision of "28" tofu home industry is to develop business into a big company.

2. Mission

Mission forms basic aim which differentiate the company from others. "28" home industry mission is to increase the product to expand and fill consumers' needs with good quality, standard price and give benefit for country and society.

3. Objective

Every company as organization, of course, has objective to reach. The objective of "28" home industry, these objective will be played as orientation for the company. It includes:

a. Short term objective

1. Increase turnover volume

It is expected that the company can increase turn over volume from their product to reach profit value.

2. Increase quality of product

Quality of product influences the product sale fluctuation; therefore, the company always tries to increase quality of product and always controls it for the company continuity.

b. Long term objective

1. Save company continuity

The company always tries to increase its profit by increasing sales volume, because descent profit can disturb the continuity of the company.

2. Reach the optimal profit

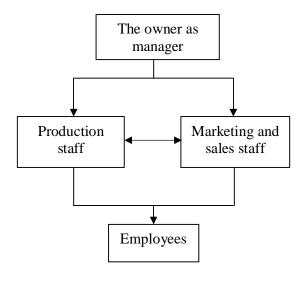
The company, basically, always is to get optimal profit of their exertion to save its life in long term. The more profit the bigger opportunity to develop the company's exertion will be.

D. Organizational chart of the company

Organization is a compilation of people who work together to reach their certain objective. Organizational chart is very important to describe job share, power hierarchy and the distribution of work process to achieve its objective.

Organization chart in "28" tofu home industry is still simple and held by the owner directly. As the following:

Picture 4.1
Organizational chart of "28" home industry



Source: "28" home industry

They have job and responsibility such as:

a. Manager

- 1. Make general plans of the company.
- 2. Formulate general policy.

- 3. Lead and control company operation.
- 4. Handle the company finance.

b. Production staff

- 1. Save and control production process.
- 2. Save the grade and quality of the product.
- 3. Report the production to the manager

c. Marketing and sales staff

- Chose a distribution channel that is appropriate for the company and marketing flow.
- 2. Follow the development of demand to determine the kind of production form.
- 3. Report the accelerate marketing and sales in the company to manager.
- 4. Perform promotion and distribution.

d. Employee

- 1. Accomplish any assessment given as good as possible.
- Cooperate well with other employees in doing the job/assignment.
- 3. Be responsible on each job respectively.

E. Production process

a. Machine and production tools

No	Types of goods	Quantity	Functions
1	Cooking set	10	to cook tofu
2	Crushing machine	3	to crush soybean
3	Steam machine	1	to produce steam to cook
			tofu which is connected
			with iron pipe
4	Tofu mold	100	to mold soybean porridge
			be coming tofu
5	Fabric filter	100	to filter soybean porridge
6	Pail	400	to place tofu
7	Knife	30	to cut tofu
8	Tank water	8	to save water for cooking
			process
9	Processing waste	1	to keep the environment
	machine		from pollutant waste
10	Box car	3	to deliver tofu and buying
			soybean

There are some parts of "28" tofu home industry, namely:

1. Production room

It is a place to do tofu production process. It is 1200 m2 (20mx60m).

2. Fuel material room

It is a place to save fuel material is prepared for boiling water that will result steam. It is 150 m2 (10mx15m).

3. Administrative room

It is a place for the manager to be used for financial and marketing transaction with customer or supplier, placing document, and so on. It is 35 m2 (7mx5m).

4. Water storage

A well is used as water storage needed to produce tofu. It is 4 m2 (2mx2m).

5. Musholla and toilet

b. Material

1. The main raw material

Soybean is the main material for tofu production. There are four kinds of soybeans: yellow, dark, brown, and green. Tempe producers usually use yellow soybean as the main raw material as well as other kinds of soybean. A big-seed soybean is 13

gram, a medium-seed soybean is 11-13 gram, and a small-seed soybean is 7-11 gram of 100 soybeans. The soybeans seed must first be removed from its covering, and then immersed for 7 hours. Afterwards, the soybean seed is grinded. The separating machine of soybean is operated by electricity or diesel fuel depending on the availability of electricity from the Central Power Station. The quality requirements of soybean for the production of first-quality tofu are as follows:

- a. Free from plant remains (outer covering, pieces of branches or twigs stones, soil and other seeds).
- b. Not defect or free from disease or pest.
- c. Not cracked or damaged.
- d. Not shrinking.

Soybean quality can be categorized as follow:

Table 4.1
Soybean Quality Levels

Criteria: % weight	Quality	Quality	Quality
Criteria. 70 Weight	I	II	III
Maximum water	13%	14%	16%
content			
Maximum dirt	1%	2%	5%
Broken seed	2%	3%	5%
Wrinkled seed	0%	5%	8%
Divided seed	1%	3%	5%
Seed of other colors	0%	5%	10%

Source: Minister Decree No.501/Kpts/TP.803/8/1984

2. Other Materials for Making Tofu

The main material for making high quality tofu is white soybean of big seed. Soda acid (90%) is also needed to process the soybean extract into tofu. Calcium sulfate (CaSo4) that is baked and crushed into powder is also added.

Throughout the process of tofu production, clean water is very important for washing, immersing and making soybean extract. Squeezed turmeric is added be produce yellow tofu. Salt is added to produce a bit salty taste and other spices are also

mixed for a variety of aroma such as coriander seed, jinten, cardamom, and clover. Chinese fragrant powder can also be used.

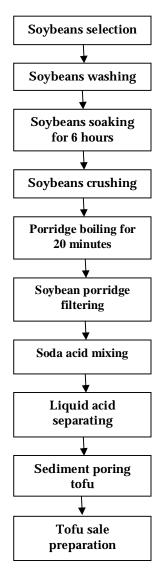
F. Production Stages

The stages are as follow:

- Soybean of big seed is selected, washed and immersed in clean water for 6 hours.
- 2. The seed is washed again for half an hour.
- The soybean is divided into some wooden or plastic containers for crushing or grinding
- 4. During crushing, porridge of soybean is formed flowing into cylindrical containers.
- 5. The porridge is immediately boiled for 15 20 minutes in big containers. The elapse time between the end of crushing and boiling should not be more than 5 to 10 minutes to produce a good quality of tofu.
- 6. The porridge is filtered into a bucket with a cloth that is clipped at both ends with wooden sticks to squeeze out all extract of soybean. The resulted unfiltered wet soft powder is squeezed

- several times by adding hot water until it no longer contains soybean essence.
- 7. The filtered soybean liquid in yellow or white is mixed with soda acid coconut water or whey (i.e. tofu liquid) and calcium sulfate.
- 8. The mixture is left open to sediment or solidifies and the remaining soda acid is separated and stored for later use. The sediment is poured into boxes, 50 x 60 cm² boxes which bases covered by cloth. The dough in the boxes is pressed down so that the remaining water squeezes out. This lasts for about 1 minute. The hard dough of tofu is then cut into pieces for example with the size of 6 x 4 cm² and ready for sale.

Picture 4.2
Steps of tofu production



Source: "28" Tofu home industry

G. Employment and wages system

"28" tofu home industry needs employees to aid their operational activity. Each of them has job and duty appropriate to their position to create effectiveness and reach objective of the company. It has 34 employees in 14 groups. Their education background ranged from junior to senior high school. They work every day at 07.00 am until 08.00 pm.

Wages system in "28" tofu home industry is Rp. 4500 per-person for once production and every group is able to do ten productions. It is equal to Rp. 45000 per-day.

H. Environment analysis

a) External environment analysis

External environment analysis is needed by the company because it influences the internal environment.

External environment is out of the control of company's management. The change of external environment is a prominent basic to identify opportunity and threat occurred at present or in the future. It shapes remote environment, industry environment and operational environment, each of which need to be analyzed to get information for formulating strategy.

a) Remote environment

Remote environment refers to external factors which do not have direct connection with the company such us; threat and opportunity of some factor in remote environment which influence the business activity of "28" tofu home industry, that are;

1) Economic factors

Economic factors connected to the characteristic and direction of economic system in company operated. This factor is very influential and actually was mulled over management of the company for decision making. The economic of Indonesia is in recovery step after the crisis happened 10 years ago, therefore the industry or business of people power did not established yet. Nowadays inflation occurs as stated by Miranda Swaray Goeltom as a senior deputy governor BI that inflation 2008 was predicted 6.8 percent and Indonesian quarter interest is 8 percent. The descent of quarter interest in US is not comparable, because US economic condition experience slow moving and decrease of liquidity.

The increase of commodity price has promoted inflation.

Indonesian dependence on import still high, especially for soybean.

While the exporters begin decreasing their production, so soybean is in high price conditions in international market. Decrease of

soybean in this time is caused by the increase of petroleum to reach their higher value of \$ 103.95 US millions per barrel and decreasing of production quota by OPEC \$ 29.67 US million per days (Jawapos: March 6, 2008). These causing US, as the biggest petroleum importer, disturbed in economic including agricultural product, such us soybean and corn, to process bio fuel ethanol to operate its economic activity. Indonesia as the importer of American soybeans of 1.3 ton every year gets the impact and that's matter feel by a part of tofu and tempe company. (Kompas: January 19, 2008).

To solve this problem needs high efforts and intensive coordination by government. The government has given 0.5 quintillions subsidies of soybean distributed by BULOG. However, it is preferable for Indonesia to socialize soybean planting and supply prime seed in order to minimize dependence on imported soybean. "28" tofu home industry can begin with socializing local prime seed, from BIPP Lawang Malang, an agricultural organization running food research networking with Japan International Soybean.

2) Political factors

Political condition or constitution changes will bring impact for strategy of the company. Facing general elections 2009, the government and beurechrats begin preparing plan both financially or non financially. To reach economic growth target, it is expected that the government plan is clearly established, so stimulus fiscal will be higher from 6.2 percent (Jawapos: March 6 2008). Yet, political flaming can happen and slow down economic growth or even faster inflation. The government policy to subsidize soybean gives positive impact to assist tofu and tempe industry.

Government politic paradigm about macro and middle industry nowadays has pushed banking to give more credit to promote industry to have bigger stages return even rare to find inhibition credit done by them.

3) Social factors

Cultural condition has a meaning as a problem oriented to human. Socio-cultural problems, but that condition in indirect manner can make economist impact. Because of that reason, the company must be careful to show relevant social cultural development, like confidence, behavior, cultural value, religion, demographic, life style, individual privacy and society. "28" tofu home industry develop its production appropriate to Indonesian taste, so it product able and easy accepted in market. Where in tofu is a traditional food in Indonesia and many people need it every day.

In demographic manner, Indonesian population has increase quantity in every year's amount of average 1.49 percent, with increase of growth populations then higher need of food. It has been opportunity for "28" tofu home industry as a food industry.

4) Technology

Technology has been changing these years and maybe many parties want to follow the development of technology to facilitate operational activity, descent production cost, and increase quality of product. Technologies supply not only as good opportunity to reach the objective, but also as a threat in application. To choose good technology, the companies need big infestations to give best result. Likely, machine and tools in "28" tofu home industry makes new machine with export quality and for now that's machine still the productions of tofu increasing and reaching target.

5) Ecological factors

Environment conservations form an issue that is important to be noticed by labor world, such awareness is able to give opportunity for growing companies, but sometimes it is able to be a threat if we do not the environment appropriately use it better. "28" tofu home industry have principle to keep its life from pollution and always

maintain the quality of air, water and land. This is done in processing waste of soybean filter it until it is safe for environment.

b) Industry environment

Industry environment significantly influences competition.

The analysis on industry environment includes 6 matters, namely threat of new competitors, threat of substitute products, power full buyers, power full suppliers and jockeying for position in industry.

1) Threat of new competitors

Companies diversifying through acquisition into the industry from other markets often us their resources to be develop."28" tofu home industry needs to be aware of entering new company into industry. Tofu industry is a business with small entry barriers for companies which are want enter into it industry. New companies that want enter into this industry need little capital. This matter makes "28" tofu home industry must build power to win the competitions but "28" tofu home industry regard as new entrant.

2) Powerful Buyers

Buyers able to influence the company appraise price, quality, service, decrease and increase quality or service. Initiative "28"

tofu home industry is make customers satisfied with give good quality, taste and service and reached price than the other.

3) Powerful Supplier

Supplier is able to use powerful supply by company which there in industry. They can threat increase of price or decrease quality of product which bought by industry "28" tofu home industry get main material from Jember. Both of supplier and "28" tofu home industry has good relationship, because "28" tofu home industry is the biggest buyer.

4) Substitute product

As a food product, tofu has substitute product namely tempe. Tempe and tofu have some place in customer heart share, because both of them are traditional food with high protein, low cholesterol and low price. "28" tofu home industry consider that substitute product hasn't high influence. It because of "28" tofu home industry has strong confidence that customers have different appetite.

5) Jockeying for position

Competition in the industries gives influence for policy and operational of the company. To be the winner "28" tofu home industry has some tactic to enter market share and heart share

customer with communication to them continuously, bonus and good service. Beside of that, "28" tofu home industry has unique taste than the other company in that area.

c) Operating Environment

Operational environment such us competitions factors that influence company to get resource's needs and to market their product until give benefit to their company. Operating environment analysis including;

a. Competitive positions

The companies do many ways to win and be strong their position in competitions. "28" tofu home industry has many distributor to market its product in Bondowoso, Jember, Situbondo. But, promotion hasn't maximal caused only by mouth and mouth. Whereas looks from price and quality product of "28" tofu home industry able to compete in large market.

b. Customers profile

Potential customer in "28" tofu home industry are middle and lower economic ability which are has high market and able to create customer loyalty.

c. Supplier

The relation with supplier would be keep resoluteness life and growth the company. Relationship between "28" tofu home industry and supplier make determine price and binding agreement. "28" tofu home industry haven't dangerous constraint to complete main material because it has other material resulted from the owner agriculture land.

d. Human resources

Ability of the company to draw and defend employees are very important to achieve the companies goals. "28" tofu home industry has employees with background of education senior and junior high school. All of them have high loyalty, its looks from their activity and presentation.

e. Creditors

Creditor is organization to help financial of the company. "28" tofu home industry borrowed financial capital to operate their company by BNI. Relationship between company and creditor was long, because the owner has other company before and BNI help the owner at the same cases.

3. Internal environment

The internal factors may be viewed as strengths or weaknesses depending upon their impact on the organization's objectives. What may represent strengths with respect to one objective may be weaknesses for another objective. Internal analysis factors can do by functional approach to analyze marketing factors, production, human resources, and financial.

a) Marketing

Influence factor in marketing of "28" tofu home industry that are marketing mix which is include product, place, price and promotion. Product is fist important than other item because product must designed appropriate to customer customers needed than the follower is interesting price, comfortable place, and effective promotion. Marketing is about all of strategy and tactic, but strategy must do before tactic. If the strategy is wrong we can loose our product. Segmentation of "28" tofu home industry are low and middle community which have medium economic capability.

Price

Price must compare with quality of product. "28" tofu home industry offer competitive price, quality and cheap appropriate to their segment, lower and middle economic.

Promotion

The promotion in "28" tofu home industry less maximum, it only traditional promotion by mouth to mouth and it looked from many peoples didn't know about the company and market area still a bit. Whereas "28" tofu home industry can be maximum in distribute offer its product to larger customer.

b) Production

Production activity is done by "28" tofu home industry in effective and efficient. It has much quantity sales in every day reach amount 2 ton. Higher of international soybean didn't give much influence because "28" tofu home industry have much reserve main material which get from the owner agricultural land.

Conditions of machines still have good quality. Production process continuously begin washing soybean and so on until be tofu. Every process done by machines and has controlled by the owner as manager.

c) Human resources

Human resources of their company average graduate from senior and junior high school because the owner has focus to help adolescent that loose their education. Most of them are neighbors and the owner's families.

d) Finance

Condition of financial in "28" tofu home industry much better and it assist the company to determine new way and develop their effort. Financial in "28" tofu home industry hold and managed by the manager directly.

I. EFAS Analysis

Table 1
External Factors Analysis Summary

External Factors Strategy	Weigh	Rating	Score
Economic factors			
- Inflation rate	0.090	+2	+0.180
- Economic growth	0.080	+1	+0.080
- Perkapita income	0.100	-2	-0.200
Social-cultural factors			
- Behavior of community to	0.080	+2	+0.160
accept tofu product			
- Changes of social community	0.070	-3	-0.210
value			
Technology factors	0.080	+3	+0.240
Politic and government factors	0.080	-4	-0.320
Competitor factors			
- Threat of substitute product	0.050	-4	-0.200
- Powerful of supplier	0.075	+1	+0.750
- Powerful of buyers	0.075	+1	+0.750
- Threat of new entry	0.050	-4	-0.200
- Jockeying for position in	0.050	-3	-0.150
industry			
Buyers factors	0.060	+3	+0.180
- Market demographic	0.060	+2	+0.120
- Buyers behavior			
TOTAL	1,00		+1.18

a. Opportunity

1. Inflation rate

Inflation rate gave weight (0.09) and rating (2). It because this factor less influence for the company but it is important to consider in decision making and anytime it will be influence, because economic of Indonesia still fluctuated and now inflation amount 6.2 percent better than tent years before. "28"

tofu home industry must have capital reserve to preserve the operational of the company. It is a positive impact for the company.

2. Economic growth

The weight of economic growth is (0.08) and its rate is (1) of "28" tofu home industry. This factor does not direct influence impact the company but it has relation to develop its production. The higher economic of Indonesia is a positive thing to motivate the operational of the company. It is fruitful to enlarge its market.

3. Community acceptance forward

The community acceptance forward to uproduction is influences "28" to u home industry. As the existence community can't release with company. However, the community shows appraisal to its product. Which has developed the product.

4. Technology factors

Technology factors give support to the operational of the company. It makes easy every activity in "28" tofu home industry, because of that it has weight 0.08 and rate 3. However

it is a fundamental factor that has high influence for "28" tofu home industry.

5. Powerful of suppliers

"28" tofu home industry have strong influence to hold the supplier, because its capital too much to get main material and it is a buyer with high quantity. Powerful of suppliers have weight (0.75) and rating (1).

6. Powerful of buyers

"28" tofu home industry give much attentions to the customers and it confidence that customers have influence to increase quality of marketing.

7. Market demographic

Market demographic "28" tofu home industry has weigh amount (0.060) and has rating (2). It makes easy for the company to show what kind of segment that appropriate to its product.

8. Buyers behavior

To know the changes of the customer behavior, "28" tofu home industry research them by interview to the customer about what they want, what they didn't like from product or services.

b. Threat

1. Annual income

Indonesian annual income always higher than before, but Kabupaten Bondowoso as a little city has low income because APBN working didn't maximal. Big a part peoples of there as famer which has unpredictable income.

2. Changes of social community value

Changes of social community value leave nation culture. They are threat for "28" tofu home industry to operate their traditional food. A part of people have wrong opinion about tofu. They said that tofu hasn't nutritious and they choose to eat fish or meal. Beside that news in media about increase of commodity soybean price, makes they have perception that offered price is expensive; however it has balance with offered value by the producer.

3. Politic and government factors

The government can limits or even foreclose entry to the industries, with such controls as license requirements and limits on access to raw material. The condition of political changes is unstable give negative impact to existence of the company. Because of that reason, "28" tofu home industry give bigger

attention to monitor politic condition and government regulations to protect its company.

4. Threat of substitute product

Threat of substitute product for "28" tofu home industry has low influence, but can be a threat if "28" tofu home industry can't develop its product quality. It has weigh (0.050) and rating (4).

5. Threat of new entry

Threat of new entry little responds by "28" tofu home industry. Whereas in fact it dangerous for existence of "28" tofu home industry.

6. Jockeying for position in industry

Jockeying for position in industry makes "28" tofu home industry always do strategic plan to win its market and it has resulted by higher production till to customer. It has weigh (0.05) and rating (3).

J. IFAS Analysis

Table 2 Internal Factors Analysis

	Internal Analysis Factors	Weigh	Rating	Score
	Marketing			
-	Promotion	0.050	+3	+0.150
-	Marketing concentration only for	0.050	-3	-0.150
	one product			
-	Ability to collect information about	0.060	+4	+0.240
	market			
-	Market share	0.070	+3	+0.210
-	Distribution channels	0.050	-3	- 0.150
-	Effectively selling	0.070	+3	+0.210
-	Image, reputation, and quality of	0.070	+3	+0.210
	product in consumer perception			
-	Flexibility determining price	0.070	+4	+0.280
-	Product development	0.050	-2	-0.100
	Finance			
-	Ability to get financial capital	0.060	+2	+0.12
-	Ability to push cost	0.060	-3	-0.18
-	Efficiency and effectiveness cost	0.050	-2	-0.10
	accounting system, budget and			
	planning	0.070	-3	-0.21
	Production and operation	0.050	+2	+0.10
-	Cost and prepared main material			
-	Strategies location	0.030	-1	-0.03
	Human resources	0.070	+4	+0.28
-	Human resources management	0.070	+3	+0.21
-	Skill and morality employees			
-	Effectiveness incentive to motivate			
	performing			
	TOTAL	1.00		1.09

a. Strengths

1. Promotion

Promotion has weight (0.050) and rating (3). The promotion in this company still makes simple promotion by mouth by mouth. Changes of promotions system can better for company's life. But although like that simple promotion gives positive impact for demands of product.

2. Ability to collect information about market

Information about market gotten by "28" tofu home industry from sellers, customers, informants, competitors and straight go to the object, It has weigh amount 0.06 and rating amount 4.

3. Market share

Market share is important point and that's existence in "28" tofu home industry is amount 0.07 and has rating amount 3.

4. Effectively selling

Continuously selling and on time to fulfill customers demands that are superiority of "28" tofu home industry and quantity of demands always increase every day. Effectively selling has weigh amount 0.07 and has rating amount 3.

5. Image, reputation and quality of product in customer perceptions.

Begin "28" tofu home industry start to market its product, never get complain from customers. Its means that "28" tofu home industry appropriate customers heart share.

6. Flexibility determining price

The price determining by "28" tofu home industry used standard to low and middle economic customers. "28" tofu home industry optimist that increase of selling better than high price. It has high rating amount 4 and has weigh 0.07.

7. Ability to get financial capital

Financial capital in "28" tofu home industry get from privacy capital and borrowed by BNI credit, which has good relationship with the owner.

8. Strategies location

Location of "28" tofu home industry placed in central area and near from market. It can be strength to show the company existence and it makes easy for manager to get information about market and competitors.

9. Skill and morality of employee

Skill and morality of employee in a good quality, because they have loyalty to "28" tofu home industry and from survey which done, looks active presentations of the employees.

10. Effectiveness incentive to motivate performing Loyalty the employees stimulate and support by incentive that able to motivate performing and to work harder.

b. Weakness

1. Marketing concentration only for one product "28" tofu home industry focus its production only for one product, sometimes it can be strength but in order hand it can be weakness if "28" tofu home industry hasn't new strategy to winning competitions.

2. Distribution channels

Distributions channels in "28" tofu home industry distribute from company to retailer to customer, and the system is direct selling. The problem of this point "28" tofu home industry hasn't open more market share to increase its selling in other area. However, product of "28" tofu home industry be able to compete in larger market.

3. Product development

Product development slowly done, because "28" tofu home industry still in growth face than it hasn't experience for it cases.

4. Ability to push cost

"28" tofu home industry in a fist time unable to push cost, because many fixed cost and variable cost it must fulfill to production process. It has weigh (0.06) and rating (3).

Efficiency and effectiveness cost accounting system, budget and planning

Cost accounting still low in "28" tofu home industry, because the owner has limited experience about accounting. So it finance is simple note.

6. Cost and prepared main material

"28" tofu home industry prepared main material for a month and it get from company's capital with big quantity. Than, it need much operational cost.

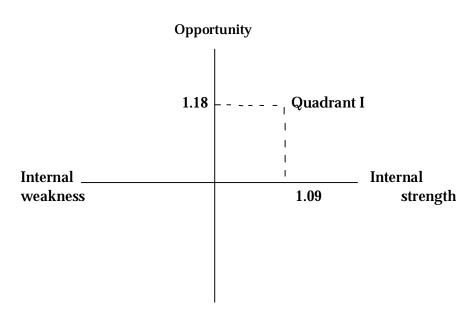
7. Human resources management

Human resources management must recovery better. It has control by arrangement to make all of human resources in "28" tofu home industry, get discipline in their activity to operate company.

K. SWOT analysis

Based on external factors analysis and internal summary, then known potion of the company. Seeing in diagram behind;

Picture 4.3 SWOT Analysis



Environment threat

From the diagram above, the position of the company is in quadrant I. It means that "28" tofu home industry's opportunity environment is 1.18 and its internal strength is 1.09. Among the position, accordingly, the strategy that is appropriate for "28" tofu home industry is aggressive strategy or expansion strategy to maximize internal strength of the company. "28" tofu home industry also can to use alternative strategies such as market penetration, market development, product development, and innovation.

Table 4.2 SWOT Matrix

λ.		
	STRENGTH	WEAKNESS
	1. Promotion	1. Marketing concentration on
IFAS	2. Ability to collect	one product
	information about market	2. Distribution channels
	3. Market share	3. Product development
	4. Effective selling	4. Ability to push a cost
	5. Image, reputation, and	5. Efficiency and effectiveness
	quality of product in	cost accounting system,
	consumer perception	budget and planning
	6. Flexibility in determining	
	price	
	7. Ability to get financial	
	capital	
TRAC	8. Strategic location	
EFAS \	9. Skillful and high standard	
	moral employees	
	10. Effective incentive to	
ODDODELINIELI	motivate performance	ANO CER A FERCAL
OPPORTUNITY	SO STRATEGY	WO STRATEGY
1. Inflation rate	1. Increasing quality and	1. Increasing distribution
2. Economic growth	quantity of product	channels to maximize
3. Community acceptance	demands	production
4. Technology factors	2. Defending product quality	2. Making new production
5. Powerful supplier	in order to preserved	planning better
6. Powerful buyers	customer's loyalty.	3. Searching reserve supplier
7. Market demography8. Buyer's behavior	3. Preserving relationship with supplier to maintained	to get lower price of main material
6. buyer's behavior	the supply of main	
	materials	4. Reformation of accounting system and use save system
	4. Giving bonus and respect to	by computer
	loyal employee	by computer
THREAT	ST STRATEGY	WT STRATEGY
1. Annual income	1. Defending market and	
2. Changes of social	searching new market	1. Manager as example for
community value politic	2. Giving wages according to	their employees
and government' factors	minimum wages regional	2. Differentiation of product
3. Threat of new competitors	(UMR)	3. Market expansion
4. Threat of substitute product	3. Preserve reputation, images	4. Production control to
5. Taking a position in	and quality of product	minimize production cost
industry	4. Maximizing internal control	5. Creating unique product in
mausuy	i. Maximzing internal collifor	good taste, price, purity
L		

CHAPTER V CONCLUSION

Based on the analysis done in the previous chapter, the following is the conclusion and suggestion drawn from the finding.

A. Conclusion

1. The marketing strategy done by "28" tofu home industry is not maximally applied. It is shown by the promotion and distribution channels implemented traditionally. In fact, competition and other aggression can not be separated from the company. Therefore, it needs SWOT analysis, to identify the strength (promotion, ability to collect information about market, market share, effective selling, image, reputation, and quality of product in consumer perception, flexibility determining price, ability to get financial capital, strategies location, skillful employees who have high moral standard, effective incentive to motivate performance); weakness (marketing concentration on one product only, distribution channels, product development, and ability to get financial capital, efficient and effective cost accounting system, budget and planning); opportunity (inflation rate, economic growth, community acceptance, technology factors, powerful supplier, powerful buyers, market demography, buyers behavior); and threat (annual income, changes of social community value, politic and government factors, threat of new competitors, threat of substitute product, take a position in industry).

2. Based on the SWOT analysis, the position of the company is in quadrant I. It means that "28" tofu home industry has opportunity environment is 1.18 and internal strength is 1.09. Accordingly, the strategy that is appropriate to "28" tofu home industry is aggressive strategy or expansion strategy to maximize internal strength of the company. "28" tofu home industry can also to use alternative strategy, like market penetration, market development, product development, and innovation.

B. Suggestion

This study recommends suggestions to the "28" tofu home industry they are,

- The product development should be done by maximal action (market expansion and increase of quality)
- 2. Increasing quality and quantity of product demands
- Defending product quality in order to preserved customer's loyalty.

- 4. Preserving relationship with supplier to maintained the supply of main materials
- 5. Giving bonus and respect to loyal employee

BIBLIOGRAPHY

- Anonymous, 2007, SWOT *Analysis*, (Online) July 1st 2007, (www.mftrou.com/swot analysis/page 1021)
- Anonymous, 2007, SWOT Analysis, (Online) July 1St 2007, (www.teachernet.com/swot analisis/page 1985)
- Anonymous, 2007, *Strategy*, (Online) July 1st 2007, (www.tutor2u.com/strategy/page 15)
- Anonymous, 2007, *Marketing Strategy*, (Online) July 1st 2007, (www.knowthis.com/ Marketing Strategy/ page 98)
- Arikunto, Suharsimi, 2002, *Prosedur Penelitian Suatu Pendekatan Praktek*, Edisi Revisi V, Penerbit PT Rineka Cipta, Jakarta
- Astiko, 2004, *Manajemen Strategi*, Penerbit Fakultas Ekonomi Universitas Merdeka, Malang
- Dudy Anandya,dkk, 2005, *Riset Peniasaran Prospektif dan Terapan*, Penerbit Bayu Media, Malang
- David, Fred R, 2002, *Manajemen Strategis: Konsep*, Edisi Ketujuh, alih bahasa Alexander Sindoro, Penerbit PT Prenhallindo, Jakarta Echols, John M,dkk, 1992, *Kamus Inggris-Indonesia*, Penerbit PT Gramedia, Jakarta
- Echols, John M,dkk, 1992, *Kamus Indonesia-Inggris*, Penerbit PT Gramedia, Jakarta
- Fandi Tjiptono, 1997, *Strategi Peniasaran*, Edisi 2, Penerbit ANDI, Yogyakarta
- Freddy Rangkuti, 2000, *Analisis SWOT: Teknik Membedah Kasus Bisnis*, Penerbit Gramedia Pustaka Utama, Jakarta
- Freddy Rangkuti, 1997, *Riset Pemasaran*, Penerbit PT Gramedia Pustaka Utama bekerjasama dengan Sekolah Tinggi Ekonomi IBII, Jakarta

- Herpinus Simanjuntak, 1997, *Kamus Idiom Lengkap*, Edisi 2, Penerbit Kesaint Blanc, Jakarta
- Kotler, Philip, 2000, *Marketing Management International Edition*, Tenth Edition, Prentice Hall International Editions, New Jersey
- Kramer, A.L.N, 1999, *Kamus Kantong Bahasa Inggris*, Penerbit PT Ichtiar Baru Van Hoeve, Jakarta
- Mannan, 1992, *Ekonomi Islam Teori Dan Praktek, PT.* intermasa, Jakarta Marzuki, 2001, *Metodologi Riset*, Bagian Penerbit Fakultas Ekonomi PTPN Veteran. Yogyakarta
- Muhammad Nazir, 1999, *Metodologi Penelitian*, Penerbit Ghalia Indonesia, Jakarta
- Pearce, John A, dan Richard B Robinson Jr, 2000, Strategic Management:Fornunlation, Implementation dan Control International Edition, Seventh Edition, McGraw-Hill Higher Education, California Sexton, Don, 2006, Marketing 101, Penerbit PT. Ilmu Buana Populer, Jakarta