



# An Analysis of Business Strategy of A B2B Small Medium Enterprises in Tasikmalaya

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## ABSTRACTS

Business competition in the textile and clothing industry is getting tighter. Many competitors cause companies in that field to experience a decrease in sales. This study intends to formulate a business strategy using the SWOT analysis tool so that companies know what must be maintained and improved in increasing sales to excel in business competition. This study uses a qualitative method with a case study approach. The findings from the study used the QSPM matrix analysis. There are 3 priorities for the formulation of a new strategy, namely a field research strategy, a strategy for evaluating and analysing market trends, and increasing digital marketing. The implications obtained by the company are increasing market demand, developing markets, and being able to compete with competitors.

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## 1. INTRODUCTION

Business competition in Indonesia is getting tighter day by day, this is proven by the large number of business units, even based on data from the Central Statistics Agency (BPS). To face increasingly rapid business competition, business people are required to continue to find various ways to face competition and survive in the market in order to excel in their respective fields (Farida, 2022). This applies to the An-

Nas Collection company in the Cipanyarang area which has tight competition in the fashion sector.

An-Nas Collection is one of the MSMEs operating in the fashion industry located in Karangnunggal. According to Maryani & Chaniago (2019) there are several aspects that determine competitive advantage in the market, namely price, product quality, service quality, personnel, image and distribution channels. Therefore, An-Nas

Collection needs to maximise other aspects to increase its competitive advantage. The impact of the large number of competitors resulted in the An-Nas Collection company experiencing a decline in sales because consumers had more access to choose products from other companies according to the aspects consumers needed. The shift of consumers to several competitors resulted in a decrease in demand for products in the An-Nas Collection.

Based on the results of pre-research interviews, apart from the presence of competitors in the An-Nas Collection environment, the decline in sales was caused by 2 (two) things, namely, marketing was still offline because it had not been able to adapt to the environment where several competitors had utilised technology to develop marketing. Apart from that, An-Nas Collection does not yet have a business strategy that suits the company's needs because the owner of An-Nas Collection's business-related knowledge is still lacking so they don't know how to determine the right business strategy to suit the company's needs. Strategy has an important role in increasing the superiority of a business (Lionora, C., A., et al. 2021). Every business strategy helps a company to build and exploit specific competition within a specific competitive scope. How companies integrate the activities they undertake within each different business level strategy shows how they differ from each other (Maryani, L. et al 2019). This is in line with Porter's theory (on Miladiyah, U. R., 2014) which says that the best way for a company to achieve sustainable competitive advantage in a chosen market is to strengthen the level of business strategy (Wardani & Khoiriyah, 2018). Business strategy is the same as competitive strategy, business strategy focuses on improving the competitive position of the company's products and

services in certain industries or market segments served by the company, business strategy addresses the problem of how companies can compete in business and industry (Safitri & Fajrin, 2019).

Based on the results of research conducted by (Maulina & Raharja, 2018) that business strategy can be used as a tool in developing a company, with SWOT analysis the company obtains a strategy to support strategic growth policies and how to compete, namely by maintaining and developing strength factors and trying to improve weaknesses and increase opportunities. That way, companies need to formulate a business strategy so they can see what needs to be maintained and improved to be able to compete with other competitors and avoid a decline in revenue or sales (Ghati, L. et al, 2020).

## 2. METHODS

The research method used is qualitative with a case study approach. According to Kuncoro (on Ratnawati, 2020) descriptive data is collected through a list of questions in surveys, interviews or observations. The case study approach itself is a type of approach used to investigate and understand an event or problem that has occurred by collecting various kinds of information which is then processed to obtain a solution so that the problem uncovered can be resolved (Pangestu, Y. E. et al, 2022).

Data will be processed through three stages of SWOT analysis based on research conducted (Mahfud, M. H. 2019). Following are the three stages of data analysis in detail:

- 1) The input stage or income stage, in this stage the matrices that can be used are IFE (Internal Factor Evaluation) and EFE (External Factor Evaluation).
- 2) Matching Stage, the values that have been obtained in the IFE and EFE matrices are then entered into cells in the form of the IE matrix to carry out

initial matching. Where this matrix is used to determine the company's current strategic position.

- 3) The Decision Stage, the decision stage uses the Quantitative Strategic Planning Matrix (QSPM) matrix. This matrix is used to evaluate strategies objectively based on the main internal-external factors that were identified in the previous stage.

### 3. RESULT AND DISCUSSION

#### 1) Business Strategy

Business strategy is a series of plans used to strengthen business defences so that it can achieve the goals of An-Nas Collection in the long term. Separated from that, methodology detailing is additionally valuable for creating already existing organisation methodologies An-Nas current corporate objectives, vision, and mission, coupled with an investigation of the outside and inside environment, give a premise for producing and assessing

#### 2) SWOT Analysis

SWOT analysis is used to formulate company strategy, this analysis is made based on logic that can maximise strengths and weaknesses, as well as minimise

practical elective procedure (Indriyati, R. et al. 2019). The strategy used by An-Nas Collection is offline marketing where the company promotes products directly to shops in the market. Offline strategy is based on defensive strategy indicators, while the company must fulfil other indicators of business strategy to develop the company. An-Nas Collection has not maximised the use of strategy due to limited knowledge of the company owner. When COVID-19 emerged, the An-Nas Collection company experienced a significant decline, and even now the company is not yet stable in product sales due to new competitors emerging in the area, thus affecting the An-Nas Collection company's income. Therefore, An-Nas Collection requires the right strategy formulation by meeting business strategy indicators so that it can survive in the long term and achieve the goal of helping employee income.

weaknesses and threats (Astuti & Ratnawati, 2020). The following is a SWOT identification obtained from interviews with the owner of An-Nas Collection:

**Table 1 Identification of the SWOT of the An-Nas Collection company**

<i>Strengths (S)</i>	<i>Weaknesses (W)</i>
a. Cheaper prices compared to other competitors	a. Internal management is still unstructured
b. The quality of raw materials adapts to market trends	b. There is no promotion via the internet and social media
c. There is a return guarantee if the product is not suitable	c. Doesn't have a permanent shop for consumers to visit
d. Speed in making ordered goods	d. Not yet able to sell individually or under one code
e. Already using appropriate machine technology	e. Lack of understanding regarding business
f. Has various kinds of innovative embroidery motifs	f. Financial recording still uses manual
g. Has several types of colours from fabric distributors	g. The planning team does field research
	h. Not releasing other fashion products
	i. Has a small business network

- h. Distribution is sent directly by the company
- i. Empowering local communities as employees

<b>Opportunities (O)</b>	<b>Threats (T)</b>
a. The existence of technology makes it easier to get information	a. Increase in raw materials at a certain time
b. Has a predetermined market centre for product sales	b. The emergence of competitors in the company environment in the same field
c. Has partners for shipping goods inside and outside the island	c. Competitors in the same field outside the company environment or online
d. Collaborating with competitors for larger orders	d. Market demand is uncertain

**Source:** *Research Data Processing Data Results, 2023*

### 3) IFE Matrix

The following is the Internal Factor Evaluation (IFE) matrix for the An-Nas Collection:

**Table 2 Internal Factor Evaluation (IFE) Matrix**

Internal Factors	Weight	Rating	Weighted Score
<b>Strengths (S)</b>			
1. Cheaper prices compared to other competitors	0,06	4	0,24
2. The quality of raw materials adapts to market trends	0,06	4	0,24
3. There is a return guarantee if the product is not suitable	0,05	3	0,15
4. Speed in making ordered goods	0,04	3	0,12
5. Have used appropriate technology	0,07	4	0,28
6. Has various kinds of innovative embroidery motifs	0,06	3	0,18
7. Has several types of colours from fabric distributors	0,05	3	0,15
8. Distribution is sent directly by the company	0,04	3	0,12
9. Promotion of goods directly to the market	0,03	2	0,09
10. Empowering local communities as employees	0,06	4	0,24
11. There are rewards for employees and employee families	0,03	3	0,09
<b>Weakness (W)</b>			
1. Internal management is still not structured	0,02	2	0,04
2. There is no promotion via the internet or social media	0,06	1	0,06
3. Don't have a permanent shop for customers to visit	0,02	2	0,05
4. Not yet able to buy and sell items individually or under one code	0,06	1	0,06
5. Lack of understanding regarding business	0,05	1	0,05
6. Financial recording still uses manual	0,03	2	0,06
7. Unstable sales tend to decline	0,07	1	0,07
8. The planning team does not conduct field research	0,06	1	0,06
9. Do not release other fashion products	0,04	2	0,08
10. Have a small business network	0,04	1	0,04

<b>Total</b>	<b>1,00</b>	<b>2,46</b>
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**Source:** Research Data Processing Results, 2023

Weighting and ratings are used to see the level of strength and weakness factors as an influence on company development. Internal factor analysis of strengths and weaknesses can be seen in table 2 where the total score obtained on the An-Nas

Collection Internal Factor Evaluation (IFE) Matrix is 2.46. The score obtained is more than 2.5, which means a strong internal position that can take advantage of strengths and address weaknesses in the company.

#### 4) EFE Matrix

The following is the External Factor Evaluation (EFE) matrix for the An-Nas Collection:

**Table 3 External Factor Evaluation (EFE) Matrix**

External Factors	Weight	Rating	Weighted Score
<b>Opportunity (O)</b>			
1. There is technology to make it easier to get information	0,12	4	0,48
2. Have a designated market center for selling goods	0,09	3	0,27
3. Have partners for shipping goods inside and outside the island	0,10	4	0,40
4. Support from the industry and trade department	0,09	3	0,27
5. Collaborating with competitors for larger orders	0,08	3	0,24
<b>Threats (T)</b>			
1. Increase in raw materials at a certain time	0,10	2	0,20
2. The emergence of new competitors within the company in the same field	0,12	1	0,12
3. Competitors in the same field outside the company environment or online	0,10	1	0,10
4. Competitors are already using digital promotions	0,08	2	0,16
5. Market demand is uncertain	0,12	1	0,12
<b>Total</b>	<b>1,00</b>		<b>2,36</b>

**Source:** Research Data Processing Results, 2023

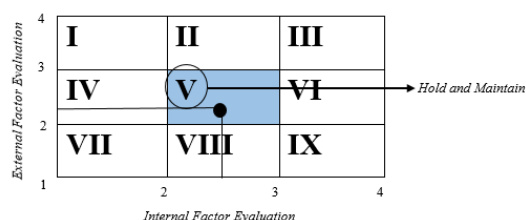
The results of the external factor analysis of opportunities and threats can be seen in table 3 where the score obtained on the An-Nas Collection External Factor Evaluation (EFE) Matrix is 2.36. This

value is below 2.5, where the ability to take advantage of opportunities is still lacking and cannot handle the threats that exist in the company.

#### 5) IE Matrix

In the IE matrix, the X axis shows the weight of the score obtained by the IFE and the Y axis shows the weight of the score from the EFE. An IFE score of 1 to 1.99 indicates a weak internal position, a score of 2 to 2.99 indicates a moderate internal

position and a score of 3 to 4 indicates a stronger internal position. A score on the EFE of 1 to 1.99 indicates a low external position, a score of 2 to 2.99 indicates a medium external position, and a score of 3 to 4 shows a high external position



**Figure 1 Internal-External (IE) Matrix**

**Source:** Research Data Processing Results, 2023

The calculation result of the total score on the IFE is 2.49 while the total EFE score is 2.2.36. So you can see the IE matrix in Figure 4.4 which shows that the position of the An-Nas Collection is in quadrant V. This shows that the An-Nas Collection is in the hold and maintain position. Common strategies used for this position are market penetration, product development and market development.

## 6) SWOT Matrix

The SWOT matrix is created based on SWOT analysis of the company, so that it will obtain a general strategy that can be implemented by the company by using strengths and opportunities, as well as minimising weaknesses and threats to the company (Nisak, 2013). The business strategy formulation at An-Nas Collection is formulated using a SWOT matrix based on IFE, EFE and IE calculations, the strategies that can be used by An-Nas Collection can be described as follows:

- Strengths (S) – Opportunities (O) strategy, a strategy created by exploiting internal strengths and opportunities as much as possible. These strategies are:
  - Sell products via e-commerce
  - Determine prices and quality that can be used by various groups so as to expand market share
- Strengths (S) – Threats (T) strategy, this strategy is created to utilise internal strengths and avoid external threats. These strategies are:

- Improve embroidery motifs and create superior products
  - Maintain physical endurance and improve performance to provide good service to customers
- Weaknesses (W) – Opportunities (O) strategy, a strategy used to overcome weaknesses by exploiting external opportunities. These strategies are:
    - Participate in entrepreneurship activities and training held by the labour department and the private sector
    - Carry out financial records using digital
    - Increase business networks to collaborate and share experiences
    - Conduct field research to determine customer needs
  - Weaknesses (W) – Threats (T) strategy, this strategy is created to minimise weaknesses and avoid external threats. These strategies are:
    - Open a shop in a strategic location to make it easier for customers to visit
    - Release new fashion products
    - Increase marketing via digital
    - Conduct company evaluation

## 7) QSPM Matrix

The QSPM matrix is created based on the results of a matching analysis or SWOT matrix which is given an Attractiveness Score (AS) value to obtain a Total Attractiveness Score (TAS) value as a determinant of the sequence of strategies that can be used by the company (Baroto & Purbohadiningrat, 2014). The highest value of TAS is the most interesting strategy and needs to be prioritised, while the lowest value can be used slowly and not in a hurry. From the results of the SWOT identification, the IFE and EFE matrices can be seen from the results of the IE matrix which states that the company's position is in a hold and maintain strategy position. So, in the Quantitative Strategy Planning Matrix



(QSPM) matrix alternative strategies can be produced that can be used by the An-Nas Collection company in the following sequence:

- a. Conduct field research to determine consumer needs
- b. Conduct a company evaluation
- c. Increase marketing via digital
- d. Increase business networks to collaborate and share experiences
- e. Selling products via e-commerce
- f. Participate in seminars and entrepreneurship training held by the labour department and the private sector
- g. Increasing embroidery motifs and superior products
- h. Maintain physical endurance and improve performance to provide good service to customers
- i. Release new fashion products
- j. Carry out financial records using digital

#### 4. CONCLUSION

Based on the research results and research discussion, conclusions can be drawn regarding the analysis of the An-Nas Collection business strategy as follows:

- 1) General description of the strategy used at the An-Nas Collection company, namely offline marketing, this strategy is in the defensive strategy business strategy indicator (survival strategy) while the company must fulfil the Vertical Integration Strategy, Incentive Strategy and Differentiation Strategy indicators to develop the company .
- 2) Identify SWOT (Strengths, Weaknesses, Opportunities, Threats) which has been obtained from the internal and external factors of the An-Nas Collection company totaling 31 factors. Each consists of 11 strengths, 10 weaknesses, 5 opportunities, and 5 threats. After obtaining all the SWOT factors for the An-Nas Collection company, these

factors were then analysed using the IFE - EFE matrix and it was discovered that the company's IE position was in hold and maintain, which means the strategy formulation taken was to take advantage of strengths and opportunities and minimise weaknesses and threats so that they can defend the company. The strategies commonly used for this position are market penetration, product development and market development.

- 3) By using the SWOT Matrix and QSPM tools, we get the results of 12 alternative strategies that the An-Nas Collection company can use in sequence. The 3 priorities that must be carried out first are field research strategy, company evaluation strategy, and improving marketing through digital. By utilising this strategy, companies can compete with competitors and increase market demand.

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