

## **Marketing Strategy Analysis of Arca Industry as Furniture Business Using the QSPM Method**

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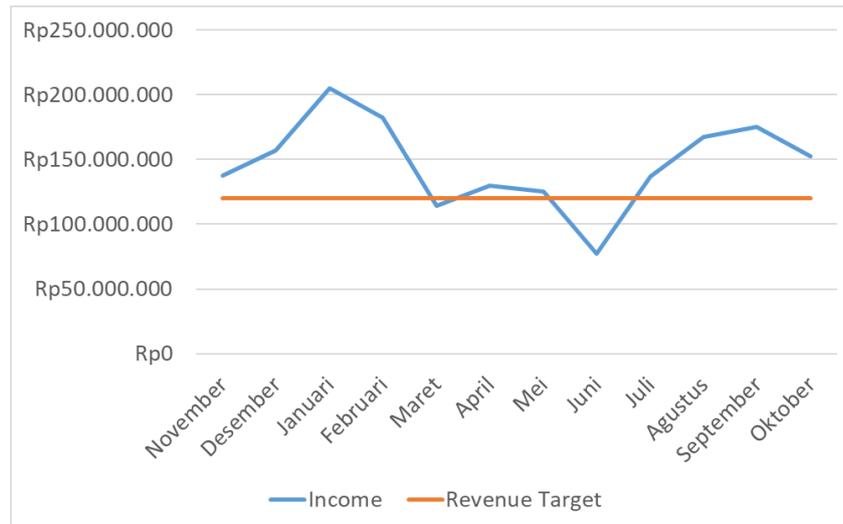
**Keywords:** Marketing Strategy, IFE, EFE, IE Matrix, SWOT, QSPM

**Abstract.** Arca Industri is a company engaged in furniture. Arca Industri revenue results from November 2017 to October 2018 are obtained that there are several months in which income does not meet the specified target. Therefore, Arca Industri must plan a new strategy in order to experience an increase in income in accordance with the targets set. The marketing strategy designed by Industrial Arcs is based on several factors such as strengths, weaknesses, opportunities, and company threats. SWOT analysis is used to obtain alternative strategies derived from internal and external factors of the company. Research data and information consists of primary data and secondary data, the analysis tool used in this study is the IFE (Internal Factor Evaluation) matrix, EFE matrix (External Factor Evaluation), IE matrix (Internal-External), SWOT matrix (Strengths, Weakness, Opportunities, and Threats), and QSPM (Quantitative Strategic Planning Matrix). The SWOT matrix produces eight alternative strategies that can be implemented by the Industry Statue. QSPM processing produces 3 marketing strategies that can be implemented first. First, participating in exhibitions held in major cities with a TAS score of 6.056. Second, maintain the current condition and improve the quality of service to customers with a TAS score of 5.990. Third, market and introduce products to consumers who are not familiar with the products of the company with a TAS score of 5.811

### **Introduction**

The economic conditions of the country experiencing a prolonged monetary crisis have had a major impact on many areas of Indonesian society's life, in general industrial development. Under these crisis conditions, Micro, Small and Medium Enterprises (MSMEs) can survive and develop. MSMEs have the ability to provide goods and services to consumers. [1] shows, after the economic crisis of 1997-1998 the number of MSMEs did not decrease, it actually increased and was even able to absorb 85 million to 107 million workers until 2012. In that year, the number of entrepreneurs in Indonesia was 56,539,560 units. Of these, there are 56,534,592 Micro, Small and Medium Enterprises (MSMEs) or 99.99%. The remaining around 0.01% or 4,968 units is a big business. From these data prove that MSMEs are a very potential market. The government proved its concern for MSMEs by launching Law No. 20 of 2008 concerning MSMEs. With the regulation, the movement of MSMEs becomes increasingly flexible.

Arca Industri is a company engaged in furniture that was established in January 2014. Industrial statues produce furniture in the form of tables, chairs, cabinets, storefronts, etc. Arca Industri is a company that prioritizes good material quality by showing the cutting process in each part. This business carries out sales online and offline. The following are sales data for Industrial Statues in the period November 2017 to October 2018:



**Fig.1.** Revenues from November 2017 - October 2018

Based on Figure 1, it can be concluded that the revenue of the Industrial Statue was declared inconsistent. This is due to the fierce competition that occurs so that the revenue of the Arca Industri. Therefore, as an evaluation material because the income that goes to the Arca Industri has fluctuated and is not on target, Arca Industri must take advantage of the opportunity to formulate a marketing strategy by using the strengths and weaknesses that exist in the Industry Statue, as well as overcoming threats to get opportunities the good one. This strategy is expected to make the Arca Industri meet the predetermined targets to achieve company goals.

## Literature References

**Strategy Management.** Strategy management is the art and science of making (formulating), implementing (implementing), and evaluating (evaluating) strategic decisions between functions that enable an organization to achieve its goals in the future [2].

**Marketing.** Marketing is a social and managerial process that makes individuals and groups obtain what they need and want through the creation and reciprocal exchange of products and values with others [3].

**Marketing strategy.** Marketing strategy is the marketing logic where the company hopes to create customer value and achieve profitable relationships [3].

**External Environment.** It is a process carried out by planning strategies to monitor the environmental sector in determining opportunities and threats for the company. According to the external environment analysis, it is divided into five categories [4], namely:

1. Economic Strength
2. Social, Cultural, Demographic and Environmental Strengths
3. Political, Government and Legal Strengths
4. The power of technology
5. Competitive Strength

**Internal Environment.** Is a condition that exists within a company. The internal environment is the strengths and weaknesses of the company in the functional areas of the business, including management, marketing, finance / accounting, production / operations, research and developers, and management information systems [4]. In analyzing the internal environment there are several elements that are analyzed, including:

1. Management

2. Marketing
3. Finance
4. Production and Operations

**EFE Matrix.** It is a list that makes a series of external strategic factors consisting of opportunities and threats. The advantage is that the strategists can summarize and evaluate economic, social, demographic, environmental and cultural information, politics, government, and law, as well as technology and industrial environment [4].

**IFE Matrix.** Used to find out what internal company factors are related to strengths and weaknesses that are considered important, especially in the functional field [4].

**IE Matrix.** The combination of the two IFE and EFE matrices will produce an internal-external matrix containing 9 types of cells which will show a combination of total weighted values from the IFE and EFE matrices. The purpose of using this matrix is to obtain a business strategy at the corporate level in more detail.

**SWOT analysis.** SWOT Analysis is the identification of various factors systematically to formulate a company's strategy. This analysis is based on logic that can maximize strengths, opportunities, weaknesses, and threats [5].

**QSPM Matrix.** An analytical tool used to decide the strategies to be used based on the attractiveness of alternative strategies. Calculation of QSPM is based on input from the weight of the IE matrix, as well as alternative strategies at the matching stage [4].

## Result and Discussion

**Company profile.** Arca Industri is a company engaged in the field of furniture since 2014 in the Jatimakmur area, Pondok Gede, Bekasi. Industrial statues sell several types of furniture products. Arca Industri sells online and offline. Overall, the company's products can be known through the marketplace, Tokopedia ([tokopedia.com/happyfape](http://tokopedia.com/happyfape)).

**Internal Environment of Arca Industri.** There are several factors that can be classified as internal factors in the Arca Industri. The following table shows these factors.

**Table 1.** Internal Factors of Arca Industri

No	Sources of Internal Factors (Based on Consumer Interviews)	Strength
1	Product Marketing Mix	The product is good and easy to install
2	Product Service	Defective products are immediately replaced with new one
3	Marketing Mix Prices	Price according to the market
4	Promotion mix	Bonus for customers with a large number of orders
5	Service	Service is fast and satisfying
No	Sources of Internal Factors (Based on Consumer Interviews)	Weakness
6	Marketing Mix	Product Finishing is not neat
7	Process Marketing Mix	Production activities carried out independently with simple

		equipment
8	Marketing Mix	People Lack of human resources owned
9	Finance	Financial system is still simple
10	Place Marketing Mix	Company location is less strategic

**External Environment of Arca Industri.** There are several factors that can be classified as External factors in the Arca Industri. The following table shows these factors.

**Table 2.** External Factors of Arca Industri

No	Sources of External Factors	Opportunity
11	Environmental Strength	Availability of a growing furniture market
12	Suppliers	Availability of sufficient raw materials
13	Strength of the Environment	The rise of residential houses and office buildings
14	Technology Strengths	The development of information technology
No	Sources of External Factors	Threats
15	Social Strength	Product Finishing is not neat
16	Competitor Strengths	The number of circulating similar products from competitors
17	Competitors' Strengths	Increasing substitution products (plastic, aluminum)
18	Supplier	Rising prices from wood suppliers
19	Economic	Strength Currency exchange instability

**IFE Matrix.** The Internal Factor Evaluation (IFE) matrix describes any company internal factors related to strengths and weaknesses that are considered important. The result of IFE Matrix are shown below.

**Table 3.** IFE Matrix

IFE Matrix	Weight	Rating	Score
<b>Strengths</b>			
The product is good and easy to install	0,148	4,000	0,593
Defective products are immediately replaced with new ones	0,123	3,667	0,453
Prices are in accordance with the market	0,123	3,667	0,453
Bonus for customers who buy with a large number of orders	0,123	4,000	0,494
Fast and satisfying services	0,111	4,000	0,444
<b>Weakness</b>			
Finishing is not tidy	0,049	1,667	0,082
Production activities are carried out independently with simple equipment	0,074	1,667	0,123
Lack of human resources owned	0,086	1,333	0,115

The financial system is still simple	0,086	2,000	0,173
The location of the company is less strategic	0,074	1,667	0,123
<b>TOTAL</b>	1,000	27,667	3,053

**EFE Matrix.** The External Factor Evaluation (EFE) matrix is a list that makes a series of external strategic factors consisting of opportunities and threats. The result of IFE Matrix are shown below.

**Table 4.** EFE Matrix

<b>EFE Matrix</b>	<b>Weight</b>	<b>Rating</b>	<b>Score</b>
<b>Opportunity</b>			
Availability of an ever-expanding furniture market	0,167	3,667	0,611
Sufficient availability of raw materials	0,152	3,333	0,505
The rise of residential and office housing development	0,182	4,000	0,727
The development of information technology	0,167	4,000	0,667
<b>Threats</b>			
The level of people's purchasing power is still low	0,076	1,667	0,126
The number of circulating similar products from competitors	0,045	1,333	0,061
Increasing substitution products (plastic, aluminum)	0,091	1,333	0,121
Rising prices from wood suppliers	0,061	1,667	0,101
Instability in currency exchange rates	0,061	2,333	0,141
<b>TOTAL</b>	1,000	23,333	3,061

**IE Matrix.** The combination of the two IFE and EFE matrices will produce an internal-external matrix containing 9 types of cells which will show a combination of total weighted values from the IFE and EFE matrices. The purpose of using this matrix is to obtain a business strategy at the corporate level in more detail.

**Table 5.** IE Matrix

Internal External Matrix (IE)			IFE Score (3,053)		
			4,0	3,0	2,0
EFE Score (3,061)			Strong	Moderate	Weak
	4,0	High	I	II	III
	3,0	Moderate	IV	V	VI
	2,0	Low	VII	VIII	IX

In the table above, shows the value of the IE matrix in position I which means that the type of strategy recommended is the growth of vertical integration. This strategy is designed to achieve a growth in the company. To achieve this growth can be done by developing products, improving product quality, lowering prices.

**SWOT Matrix.** In the SWOT matrix, there are eight alternative marketing strategies that can be implemented by the Industry Statue. The following are the results of the SWOT matrix:

**Table 6.** SWOT Matrix

	<p><b>Strength</b></p> <ol style="list-style-type: none"> <li>1. Product is good and easy to install</li> <li>2. Defective products are immediately replaced with new ones</li> <li>3. Prices are in accordance with the market</li> <li>4. Bonuses for customers with a large number of orders</li> <li>5. Fast and satisfying service</li> </ol>	<p><b>Weakness</b></p> <ol style="list-style-type: none"> <li>1. Finishing is not tidy</li> <li>2. Production activities are carried out independently with simple equipment</li> <li>3. Lack of HR owned</li> <li>4. The financial system is still simple</li> <li>5. The location of the company is less strategic</li> </ol>
<p><b>Opportunity</b></p> <ol style="list-style-type: none"> <li>1. Availability of a constantly expanding furniture market</li> <li>2. Availability of sufficient raw materials</li> <li>3. The rise of residential houses and offices</li> <li>4. Development of information technology</li> </ol>	<p><b>SO Strategy</b></p> <ol style="list-style-type: none"> <li>1. Following exhibitions held in major cities</li> <li>2. Maintain current conditions and improve the quality of service to customers</li> <li>3. Market and introduce products to consumers who are not familiar with the products of the company</li> </ol>	<p><b>WO Strategy</b></p> <ol style="list-style-type: none"> <li>1. Use of computerized technology in the financial system so that financial statements can be systematic and precise</li> <li>2. Expand the distribution network by opening new branches in other regions</li> </ol>
<p><b>Threat</b></p> <ol style="list-style-type: none"> <li>1. The level of people's purchasing power is still low</li> <li>2. The number of circulating similar products from competitors</li> <li>3. Increasing substitution products (plastic, aluminum)</li> <li>4. Rising prices from wood suppliers</li> <li>5. Instability in currency exchange rates</li> </ol>	<p><b>ST Strategy</b></p> <ol style="list-style-type: none"> <li>1. Establish good relations with suppliers of raw materials to get cheaper prices</li> <li>2. Improve product quality and development</li> </ol>	<p><b>WT Strategy</b></p> <ol style="list-style-type: none"> <li>1. Increase the number of employees who are experienced in furniture production</li> </ol>

**QSPM Matrix.** QSPM is used to select strategies from alternative strategies obtained by the SWOT matrix. The following are the results of the QSPM calculation:

**Table 7.** Results of QSPM Calculation

No.	Alternative Marketing Strategy	TAS Score	Rank
1	Participating in exhibitions held in major cities	6,056	1
2	Maintain current conditions and improve the quality of service to customers	5,990	2
3	Market and introduce products to consumers who are not familiar with the products of the company	5,811	3

No.	Alternative Marketing Strategy	TAS Score	Rank
4	The use of computerized technology in the financial system so that financial statements can be systematic and precise	4,236	8
5	Expand distribution networks by opening new branches in other areas	5,357	6
6	Establish good relations with suppliers of raw materials to get cheaper prices	5,339	7
7	Improve product quality and development	5,662	4
8	Increase the number of employees who have experience in furniture production	5,358	5

### Conclusions

The alternative strategy is to take part in exhibitions held in big cities, maintain current conditions and improve the quality of service to customers, market and introduce products to consumers who are not familiar with the products of the company, use of computerized technology in the financial system so that financial statements can be systematic and precise, expand the network distribution by opening new branches in other regions, establishing good relations with raw material suppliers to get cheaper prices, improve quality and product development, increase the number of employees who are experienced in furniture production. The results of the QSPM analysis get 3 recommendations for marketing strategies that can be implemented by the Industry Statue. The following is a marketing strategy recommendation based on the largest TAS value:

1. Participating in exhibitions held in major cities with a TAS value of 6.056.
2. Maintain the current condition and improve the quality of service to customers with a TAS value of 5.990.
3. Market and introduce products to consumers who are not familiar with the products of the company with a TAS value of 5.811.

In addition, there are additional 2 proposals for the most easy, fast, and low-cost marketing strategies to implement, namely:

1. Establish good relations with suppliers of raw materials to get cheaper prices.
2. The use of computerized technology in the financial system so that financial statements can be systematic and precise.

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