

SWOT ANALYSIS TO DETERMINE A COMPETITIVE STRATEGY OF CULINARY CENTER IN SIDOARJO REGENCY

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Abstract: Sidoarjo City has been the magnet for culinary entrepreneurs. New restaurants and cafes keep popping up. The more the number of restaurants established in Sidoarjo City, the higher the competition will be among those restaurants. To accommodate the increasing number of restaurants, the Government of Sidoarjo Regency seeks to accommodate culinary entrepreneurs, especially street vendors, into culinary centers. In the development, the culinary centers in Sidoarjo have been increasingly rarely visited by customers. This was due to the culinary entrepreneurs' lack of knowledge of profitable strategy development to competitive strategy. This was very contrary to the main objective of establishing culinary centers of serving as a meeting place for sellers, especially street vendors, ultimately having a positive effect on the sales of restaurants in culinary centers in Sidoarjo. Thus, a thoroughly implemented SWOT approach is required to determine a competitive strategi in order to prevent this from recurring. With the SWOT analysis approach, the expected economic growth of the culinary center can be realized.

Keywords: SWOT, strategy, culinary centers

1. Introduction

Sidoarjo City has been the magnet for culinary entrepreneurs. New restaurants and cafés keep popping up. Referring to data from the Regional Tax Service Agency (BP2D) as of May 2019 there were 54 new culinary businesses. The more the number of restaurants established in Sidoarjo City, the higher the competition will be among those restaurants. In addition to providing food and beverage, culinary centers can also serve as a culinary tourism spot with various facilities to pamper visitors. To increase visitors' interest, the Government of Sidoarjo Regency has provided several facilities, including strategic places and vast parking lots. The buildings are made very comfortable for chatting while eating and drinking. The culinary centers also has an entertainment stage to entertain the visitors. In the development, the culinary centers in Sidoarjo have been increasingly rarely visited by customers. This was due to the culinary entrepreneurs' lack of knowledge of profitable strategy development. This was very contrary to the main objective of establishing culinary centers of serving as a meeting place for sellers, especially street vendors, ultimately having a positive effect on the sales of restaurants in culinary centers in Sidoarjo.

Thus, a thoroughly implemented SWOT approach is required to determine a competitive strategy in order to prevent this from recurring. If consumer orientation, coordinated business efforts, and goal orientation can be implemented and synergized with government protection through favorable regulations, the expected economic growth of the culinary centers can be realized.

A model of marketing development strategy for culinary centers is expected to improve performance and reduce several problems. The marketing development analysis used the Porter's Five Force method and the SWOT (Strength, Weaknesses, Opportunities, and Threats) method. With this method, the culinary marketing is expected to increase, leading to the increased welfare of the community as well. The object of the present study was the marketing strategy development of culinary centers in Sidoarjo Regency. The purpose of the present study was to formulate a Model of Marketing Development Strategy for Culinary Centers in Sidoarjo Regency. The ultimate goal of the present study was to lead the culinary centers in Sidoarjo Regency to have high competitiveness and be capable of providing additional income from increased the welfare of the community.

In order to achieve the objective, the following stages of research were undertaken:

1. to identify the marketing management of culinary centers in Sidoarjo Regency;
 2. to formulate a model of marketing management for culinary centers in Sidoarjo Regency.
- Culinary centers has a great contribution to improving the welfare of a region. Lacking a good marketing model, the culinary centers would not be able to develop optimally. Thus, it is necessary to formulate a model of marketing development strategy for culinary centers which in turn can increase the income of culinary center in Sidoarjo Regency. Thus, culinary center business growth can increase, leading to increased welfare of the community.

2. Literature Review

Kotler and Armstrong (2012: 53-54), SWOT analysis is the identification of various factors systematically to formulate a company's strategy based on the company's strengths, weaknesses, opportunities, threats to observe the external and internal marketing environment.

According to Irham Fahmi (2013:260), it is necessary to look at external and internal factors as an important part of a SWOT analysis:

1. External factors. These external factors affect the opportunities and threats (O and T) formed. It relates to conditions that occur outside the company that play a role in company's decision making. These factors include the industrial, economic, political, legal, technological, demographic and socio-cultural environment.
2. Internal factors, which are those internal factors that affect the strengths and weaknesses (S and W) formed. It relates to the conditions that occur within the company. These conditions also affect the company's decision making. These internal factors include all types of functional management: marketing, finance, operations, human resources, research and development, management information systems and corporate culture.

SWOT analysis model

SWOT analysis compares external factors (opportunities and threats) with internal factors (strengths and weaknesses). Internal factors are entered into a matrix referred to as the Internal Strategic Factors Analysis Summary (IFAS) matrix. External factors are entered into a matrix referred to the External Strategic Factors Analysis Summary (EFAS) matrix.

SWOT matrix

The tool used to compose competitive strategic factors is the SWOT matrix. The matrix provides an explanation in terms of how the external opportunities and threats faced by sellers can be adjusted to their strengths and weaknesses. This matrix can generate 4 sets of possible strategic alternatives.

SWOT MATRIX DIAGRAM II. 4

IFAS EFAS	STRENGTHS (S) Determine 5–10 internal strength factors	WEAKNESSES (W) Determine 5–10 internal weaknesses
OPPORTUNITIES (O) Determine 5–10 external threat factors	SO STRATEGY Create strategies that utilize strengths to take advantage of opportunities	WO STRATEGY Create strategies that minimize weaknesses to take advantage of opportunities
THREATS (T) Determine 5–10 external threat factors	ST STRATEGY Create strategies that utilize strength to overcome threats	WT STRATEGY Create strategies that minimize weaknesses and avoid threats

Source: Freddy Rangkuti (2004)

SO (Strength–Opportunities) Strategies

These strategies are based on the company's mindset of utilizing all strengths to seize and take advantage of the greatest possible opportunities.

ST (Strengths–Threats) Strategies

ST strategies are those strategies that use the strengths of the company to overcome threats.

WO (Weaknesses–Opportunities) Strategies

These strategies are implemented by taking advantage of the opportunities by minimizing the weaknesses.

WT (Weaknesses–Threats) Strategies

These strategies are based on defensive activities and seek to minimize weaknesses and to avoid threats.

Competitive Strategies

According to Freddy Rangkuti (2004: 153), the success of a predetermined strategy is largely determined by the suitability of the strategy with changes in the environment, competitors, and the organizational situation. Factors in the formulation a strategy:

In Conditions of Fierce Competitive Position: Develop Competitive Strengths

Types of Competitive Strategies

To determine its competitiveness in each strength, Porter suggests companies to use one of three strategies: differentiation, cost leadership, or focus. Company characteristics can be associated with each strategy.

1. Differentiation strategy
2. New competitors through difficult-to-emulate customer loyalty
3. Leadership strategy
4. Focus strategy.

Formulating Competitive Strategies

An effective way to formulate a strategy is to use the five strengths and competitive strategies. Porter (p. 259) examined a number of companies and stated that the business-level strategy is the result of the five competitive forces within the company.

Porter's Five Competitive Forces

Strengths – competitive strengths within a company and which show the effects of internet technology on each strength. These strengths help determine the company's position versus its competitors in the industry.

1. Potential new competitors
2. Bargaining power of buyers
3. Bargaining power of suppliers
4. Threat of substitute products
5. Competition among competitors

3. Methods

The present study was a qualitative research. A qualitative research explores and comprehends the meaning of individual and group behavior, describing social problems or humanitarian problems (Sugiyono, 2014: 347). The research process includes determining the temporary research questions and procedures, collecting data on participant settings, analyzing data inductively, constructing partial data into themes, and then interpreting the meaning of data.

The final activity is to compose a report in a flexible structure. The present study used the qualitative research method with the descriptive approach. It was undertaken to determine the natural conditions of the research object, where the researcher was the key instrument. Data were collected by the triangulation technique. It was analyzed inductively/qualitative and the results of qualitative research emphasized the meaning, rather than generalization (Sugiyono, 2014: 347).

The object of research is a scientific goal to obtain data with specific purposes and uses regarding something objective, valid, and reliable (Sugiyono, 2014:363). The object of the present study was the competitive strategy design for culinary centers in Sidoarjo Regency. The subject of the present study was vendors in the culinary centers of Sidoarjo Regency. Interview and observation methods were used to collect data. An interview is a meeting between a person who gives questions and the person who answers the questions who exchanges information so as to build a particular subject.

4. Results and Discussion

Results of the SWOT analysis showed that the culinary centers of Sidoarjo Regency had the following strengths:

1. Being distributed evenly and well known to the public
2. Easy-to-reach locations
3. Availability of all kinds of food
4. Cheap prices.

The culinary centers of Sidoarjo Regency had the following weaknesses:

1. Most of the activities being done manually
2. Lack of quality promotion to new customers
3. No regular customers

The culinary centers of Sidoarjo Regency had the following threats:

1. Increasing number of new culinary centers

2. Competitors with renewable technology
3. Volatile prices of raw materials
4. Slow market growth
5. Price-sensitive customers can move to competitors offering low prices with similar taste qualities

The identified strengths, weaknesses, opportunities and threats of the culinary centers in Sidoarjo regency were subsequently analyzed to obtain a further description of the conditions of the products of the culinary centers in Sidoarjo Regency. Thus, strategies and steps can be determined and taken in the future.

The initial step in the analysis phase of the strengths, weaknesses, opportunities and threats of the culinary center Sidoarjo regency was to create IFAS (Internal Strategic Factors Analysis Summary) and EFAS (External Strategic Factors Analysis Summary) matrices.

Furthermore, the IFAS and EFAS matrices were analyzed using the SWOT diagram to obtain the description of the final position of the products of the culinary centers in Sidoarjo Regency relative to similar products from other companies.

Internal Strategy Factors (IFAS) and External Strategy Factors (EFAS) Matrix

Upon identification of the internal and external strategic factors of a company, IFAS and EFAS tables are created to formulate the internal strategic factors in the framework of strengths and weaknesses of the culinary centers in Sidoarjo Regency. Results of observations and in-depth interviews were subsequently calculated as shown as in the following table to determine the weight, rating and score.

Formulation of alternative strategies

Furthermore, the alternative strategies for the culinary centers in Sidoarjo Regency were formulated using the SWOT matrix. Strategic alternatives were arranged on the basis of the interaction of internal and external factors of the company to obtain competitive strategies.

Competitive Strategies for the Culinary Centers in Sidoarjo Regency

Based on the results of the SWOT matrix, the competitive strategy for the culinary center in Sidoarjo Regency was the diversification (product, market) strategy of ST.

ST STRATEGY

1. The well-known culinary centers in Sidoarjo Regency would have positive values for vendors, leading the consumers to remain loyal to food and beverages at the culinary centers in Sidoarjo Regency
2. Improve the food and beverage quality and delivery services and to expand the coverage outside the city with promotion and internet services
3. Undertake a strategy of alternative sourcing of raw materials from other and cheaper channels, especially raw materials that are common in the market
4. Increase the promo with the tagline "quality cheap prices" to obtain as many customers as possible
5. Provide training on mastery of technology
6. Guarantee the quality of food and beverages served

5. Conclusions

Results of the SWOT analysis of the culinary centers in Sidoarjo Regency show the following competitive strategies:

SO Strategy

Improve quality and service in order to lead consumers to feel satisfied and comfortable and attract new customers.

ST Strategies

The well-known culinary centers in Sidoarjo Regency would have positive values for the vendors, leading the consumers to remain loyal.

Improve the food and beverage quality and delivery services and to expand the coverage outside the city with promotion and internet services.

Undertake a strategy of alternative sourcing of raw materials from other and cheaper channels, especially raw materials that are common in the market.

Guarantee the quality of food and beverages at low prices to prevent consumers from moving to competitors.

WO Strategies

Increase promotion via the internet, especially social media which is currently in demand by the public.

WT Strategies

Increase the number of marketing employees tasked to come directly to consumers.

Reduce poor quality raw materials to produce quality and cheap food.

Create a website for the culinary centers of Sidoarjo Regency to introduce products to consumers.

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