

Marketing Strategy Using Porters Five Force Model Approach: A Case Study At The Culinary Center In Sidoarjo Regency

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ABSTRACT

The city of Sidoarjo with its various advantages has become a magnet that attracts culinary entrepreneurs. New restaurants and cafes keep popping up. Referring to the data from the Sidoarjo Regency Regional Tax Service Agency until May 2019 there are 54 new culinary businesses. The more the number of restaurants that are established in the city of Sidoarjo, the higher the competition will be among the restaurants that have been established. From the results of research conducted with the interview method, it is found that business actors in the Culinary Center of Sidoarjo Regency have weak bargaining power due to lack of skills in the field of marketing management. There needs to be an increase in the ability of marketing strategies so that the bargaining power of MSME players in the Culinary Center of Sidoarjo Regency will increase which will result in an increase in income as expected.

KEYWORDS: Marketing Strategy, Porters Five Force Model, MSMEs

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I. INTRODUCTION

Sidoarjo Regency is a regency in East Java Province which is growing in its economy, especially the growing micro and medium business sector. Sidoarjo Regency is also able to develop other development potentials in the trade and tourism sectors through qualified resources. With an area of 719.63 km², Sidoarjo Regency is a strategic area for regional economic development to become an investment area.

Sidoarjo Regency with a population density of 2,703.13 people has a very strategic position, because it borders Surabaya as the second largest metropolitan city in Indonesia. Sidoarjo Regency is also an area that is always traversed by transportation flows from Surabaya to other areas in East Java such as Mojokerto, Malang, Pasuruan, and Gresik so that it has a positive impact on regional growth.

The city of Sidoarjo with its various advantages has become a magnet that attracts culinary entrepreneurs. New restaurants and cafes keep popping up. Referring to data from the Regional Tax Service Agency until May 2019 there are 54 new culinary businesses. The more the number of restaurants that are established in the city of Sidoarjo, the higher the competition will be among the restaurants that have been established.

Apart from being a food and beverage provider, the culinary center also has a function as a culinary tour. In the culinary center there are also tourist functions to increase visitor interest. To support this, the Sidoarjo Regency Government has provided several facilities. Among them are a strategic place and a large parking area. The condition of the building is also made very comfortable. Inside the culinary center there are also shows that spoil the ears and eyes of visitors to the Culinary Center.

In its development, culinary centers in Sidoarjo are increasingly rarely visited by customers. This is due to the lack of knowledge of culinary entrepreneurs about marketing strategies that can increase the selling value of Culinary Centers. This really does not support the main goal of establishing a culinary center, namely as a meeting place for sellers, especially culinary street vendors, so that they can jointly increase income, so that it will indirectly increase the income of Sidoarjo Regency.

Therefore, in order for this to not continue, the marketing strategy approaches need to be implemented thoroughly. If the marketing approach can be implemented in a comprehensive manner, then the goal of building a Culinary Center for the welfare of MSMEs within it can be realized.

The culinary center marketing development strategy model is expected to improve performance and reduce several problems. Analysts of marketing development use Porter's Five Force method. With this Porter Five Force approach, it is hoped that culinary marketing can increase which has an impact on increasing public welfare as well.

With Porter's Five Force approach, it is hoped that the culinary center in Sidoarjo Regency has high competitiveness and can provide additional income in terms of income so that it can improve the welfare of the community.

Culinary Center has a high contribution to improve the welfare of a region. If the Culinary Center cannot have a good marketing model, the Culinary Center will not be able to develop optimally, therefore it is necessary to formulate a culinary center marketing development strategy model which in turn can increase the income of the Culinary Center in Sidoarjo Regency, so that the culinary center business growth can increase, which has an impact on increasing people's welfare.

II. LITERATURE REVIEW

The definition of marketing management according to Kotler (2005: 9), marketing management is the process of planning and implementing, thinking, pricing promotion, and channeling ideas for goods and services to create exchanges that meet individual goals in the organization. Marketing is one of the main activities carried out by a company in maintaining the survival of its company, developing for profit. Marketing activities are designed to provide meaning to serve and satisfy consumer needs in order to achieve company goals.

Marketing strategy is a marketing mindset that will be used to achieve its marketing goals. Marketing strategy contains specific strategies for target markets, positioning, marketing mix and the amount of marketing expenses (Kotler, 2004: 5).

With the existence of a marketing strategy, it allows MSME players at the Sidoarjo culinary center to carry out a specific, integrated, and sustainable marketing process to realize the targets that have been set, namely primarily to increase the prosperity of MSME players in the Sidoarjo culinary center.

Porter's Five Force Model

Kodrat (2009) states that the purpose of Porter's five strengths analysis is to create a firm's competitive advantage. According to David (2006) Porter's Five Strengths Model is an approach that can be used comprehensively to create strategies that are suitable in many industries, especially the MSME industry. According to Porter, the nature of competition in an industry can be seen as a combination of five forces, namely rivalry among existing firms, threads of new entrants, thread of substitute products, training power of suppliers, training power of buyers (David, 2009).

Rivalry among existing firms

Rivalry among existing firms is always the biggest strength among Porter's five strengths. The best strategy that can be implemented by a company can be successful if it has a strategic advantage over the strategies implemented by competing companies. A change in strategy by one company will inevitably be followed by changes in the strategy of its competitors, such as improving quality, lowering prices, adding features, providing services, guaranteeing, and increasing the portion of advertisements (David, 2006).

The intensity of competition among competing peers tends to increase due to the increasing number of competitors, more uniform competitors in terms of size, and the ability and demand for industrial products to decrease, as well as because price cuts are increasingly common and considered normal by industry players. Competition also increases when customers can switch brands easily when products are easily damaged, competing companies differ in strategic terms, where they come from, culture, mergers and acquisitions are common in an industry, and competition between similar companies is intensifying, company profits decline, in some cases even make an industry very unattractive (David, 2006).

Competition among competing firms tends to increase as the number of competitors increases because competing firms become equal in size and ability, demand for industrial products decreases, and discounts become a matter of course. A strategy carried out by one of the companies can be successful only to the extent that it has an advantage over the strategy carried out by a competing company (David, 2011).

Thread of new entrants

Porter (1987) argues that the threat of entry of new entrants to the industry is driven by entry barriers, combined with the reactions of existing competitors that the newcomer can predict. If these barriers or barriers are large and / or the newcomer expects stiff resistance from the old faces, then the threat of an influx of newcomers will be low. There are six main sources of entry barriers: economies of scale, product differentiation, capital requirements, switching costs, access to distribution channels, and unfavorable costs.

Thread of product substitute

All companies in an industry, will definitely have challenges from industries that produce substitute products. Substitute products limit the potential profits from the industry that can be provided by firms in the

industry. The more attractive the price offered by substitute products, the tighter the restrictions on industry profits will be.

Recognizing substitute products is a matter of finding other products that can perform the same function as products in the industry. The company's position when dealing with replacement products may be a problem in the industry. Replacement products provide an upper limit on the price that can be given before consumers move to replacement products. Competition from substitute products is best measured by the market share captured by these products, in addition to the company's plans to increase product capacity and market penetration (David, 2011).

Bargaining power of suppliers

Bargaining power of suppliers can be a threat to companies that have been getting resources from suppliers if there is a company's dependence on one supplier which is getting bigger over time. An indicator that can be used to see a company's dependence on one supplier is the concentration ratio indicator, which has the ability to show the ratio between the total supply value of a particular supplier and the total value of inventory supplied by various suppliers. Suppliers can take advantage of the bargaining power of players in the industry with the challenge of raising prices or lowering the quality of the product or service purchased. Therefore, a strong supplier can suppress the profitability of an industry that has no bargaining value (Porter, 1987).

Bargaining power of buyers

Bargaining power of buyers is also higher when it is a common or undifferentiated product purchased. When the conditions are like this, consumers try to increase the bargaining value on selling prices, features, and warranties to a higher level (David, 2006). In addition, the bargaining power of consumers is also higher if the products offered to them are general or not. Competing firms may offer higher service offerings or special services to gain customer loyalty if the bargaining power of the customers is extraordinary. Consumers often bid on sale prices, warranties, and features to a certain extent (David, 2011).

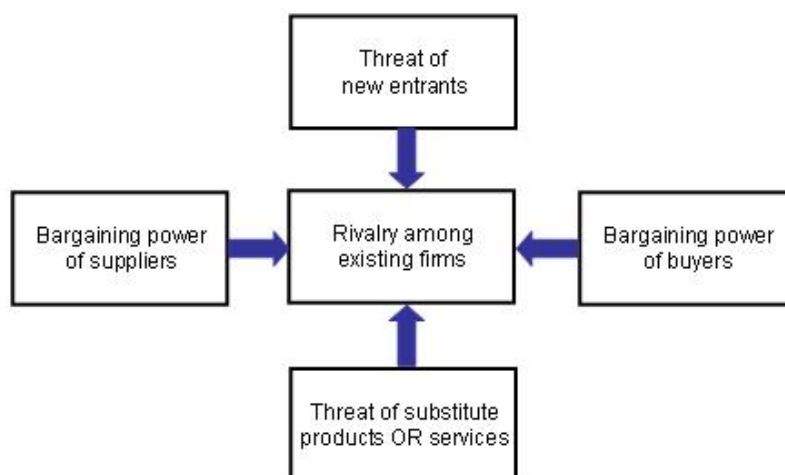


Figure 1. Porter's Five Force Model diagram

III. RESEARCH METHODOLOGY

Descriptive research is a method used in this study using a qualitative approach. The author of this study used descriptive qualitative research because the researcher wanted to know and get depth of information related to the topic (Sugiyono, 2012). The place of research was conducted at the Culinary Center in Sidoarjo Regency. Data collection techniques through activities: documentation, interviews and observations. Data analysis techniques use content analysis (documentary research) and descriptive analysis. The subjects in this study were SMEs in the Culinary Center of Sidoarjo Regency while the object of research was the Marketing Strategy with Porter's Five Approach. Force Model at the Culinary Center of Sidoarjo Regency.

IV. RESEARCH RESULTS AND DISCUSSION

a. Rivalry among existing firms

Based on the data obtained, similar business competition has a high influence on the increase in sales of MSME players in the Culinary Center of Sidoarjo Regency. Many Culinary Centers in the Regency offer the same thing to consumers. Product differentiation is a necessity that must be done in order to have the expected market share. With the increasing number of competitors, the benefits obtained are less which resulted in some MSME actors in the Sidoarjo regency culinary center who cannot compete have to close.

b. Thread of new entrants

From the data obtained by the author, many new culinary centers have sprung up in Sidoarjo Regency. The new Culinary Center offers a new concept that is more attractive to consumers. One of the new concepts is targeting adolescents. This is done because teenagers have a greater desire to gather with friends and seek new experiences in enjoying culinary in Sidoarjo Regency.

The emergence of new competitors, based on data obtained from interviews with respondents of SMEs at the Culinary Center in Sidoarjo Regency, demands that MSME players always be up to date in order to compete with new competitors. MSME actors also hope that the government makes policies that can protect them from new competitors. For example limiting the number of culinary centers in one area so that MSME players who have been walking for longer can survive.

c. Thread of substitute product

For the threat of substitute products, from the interviews the author conducted, it did not really have an effect on the increase in sales of MSMEs in the Culinary Center of Sidoarjo Regency. This happens because what they offer is food and drink which are basic human needs. What has little effect on MSME actors in the Culinary Center of Sidoarjo Regency is the modification made by young people regarding the packaging, but the content remains the same, so that it does not really affect the growth of MSME players in the Culinary Center of Sidoarjo Regency.

d. Bargaining Power of Suppliers

The bargaining position of MSME players in the Culinary Center of Sidoarjo regency against suppliers is low. This can happen because the price of raw materials cannot be stable. The price of raw materials for culinary depends on the market. So if the raw material tends to increase, the MSME actors will not automatically be able to increase the price of food / drink. UMKM players must be able to outsmart it so as not to burden consumers and if consumers have objections, they will look for food / drinks that are according to their budget.

e. Bargaining Power of Buyers

From the data obtained by the author, the bargaining power of these buyers has a high influence. This happens because the food and beverage in Sidoarjo regency culinary center is not too much different, so consumers are free to choose where they will eat / drink. If the UMKM players at the Sidoarjo regency culinary center are not able to follow the tastes of consumers, it will decrease their profits, and if this continues, it is possible that the UMKM players at the culinary center in Sidoarjo regency will go out of business.

Based on the analysis of the data above, the marketing strategy plays a very important role so that continuous growth in accordance with the expectations of MSME players in the Culinary Center of Sidoarjo Regency can be achieved. In terms of competitors' challenges, a marketing strategy that can be done is to differentiate products, for example in terms of packaging food that is visible to the naked eye to attract consumers to come and buy food / beverages. The next strategy that can be done is to provide special services to consumers, for example by maximizing delivery services.

Losses experienced due to the entry of new competitors can be reduced if you can maximize a good marketing strategy, one of the things that can be done is to support customer loyalty which will continue to survive because the authenticity of food/beverages will always prevent consumers from turning to new competitors. Another strategy that can be done is to cooperate with local governments to limit the emergence of similar MSME actors.

To increase bargaining power towards the perpetrator's consumers in the Culinary Center of Sidoarjo Regency, customer loyalty is a fixed price. A culinary business really needs customer loyalty because they are the ones who will continuously buy the products offered by culinary entrepreneurs. One of the strategies that can be done to increase customer loyalty is by improving service outside of obligations to be consistent in taste. Service improvements that can be done for example by serving interesting delivery messages.

The weakness of the bargaining power of MSME players in the Culinary Center of Sidoarjo Regency can be overcome by implementing a one-door system strategy for purchasing the required raw materials. By carrying out 1 purchase door that accommodates MSME players at the Culinary Center, it will lower the bargaining power of suppliers to MSME players, on the contrary, the bargaining power of MSME players will increase.

V. CONCLUSION

The conclusions obtained from this study are:

- a. The strategy carried out by MSME actors at the Culinary Center of Sidoarjo Regency needs to be changed by always developing according to the times.
- b. The current climate of culinary business competition is very tight, in order to have a good market share it is necessary to differentiate products that will be attractive and then increase customer loyalty at the Culinary Center in Sidoarjo regency.

- c. Increasing the bargaining power of MSME players in the Culinary Center of Sidoarjo Regency is a necessity that cannot be avoided in order to have high competitiveness which will result in the creation of continuous growth.

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