



Proposed Business Strategy to Increase Profitability in Food & Beverage Industry (Case Study: Pt Ganesha Abaditama)

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ABSTRACT: Indonesia's retail industry is one of the most promising due to its large population and rising purchasing power from middle-class individuals and millennials with increased spending habits. Food and beverages are part of Indonesia's retail industry. Ganesha, a manufacturer, and supplier of packaged spices has seen sales decline in the last two years. Outperforming supermarket competitors to increase sales requires a new business strategy to gain competitive advantages. This study uses the AFI framework to design a new business strategy. Porter's Five Forces, customer, and consumer analysis are used for external business analysis. Resource-based view analysis, core competencies gap analysis, and VRIO analysis are used to analyze the internal business environment. Interviews, questionnaires, and observation provided primary data. Websites, books, articles, and journals provided secondary data. The two data sets are combined for the SWOT analysis, and the TWOS matrix is used to develop strategies. Results show that underpricing rivals and increasing product value will increase market share. Innovating the supply chain, production, and technology helps lower selling prices. Innovating existing products, packaging, and variations helps add product value. However, product innovation requires more market research to determine consumer interest.

KEYWORDS: Business Strategy, Competitive Advantage, Food and Beverage, Packaged spices, Retail.

1. INTRODUCTION

Indonesia's retail industry continues to be one of Asia's most promising refer to the country's sizable population and rising middle class, which has increased household purchasing power [14]. The food and beverage industry are one of the mainstay manufacturing sectors in making a major contribution to national economic growth [5], in the first quarter of 2022, the food and beverage industry has benefited more than a third or 37.77% of the GDP of the non-oil and gas processing industry [6]. The Indonesian Food and Beverage Producers Association (Gapmmi) projects that the gross domestic product (GDP) growth for the food and beverage (mamin) industry throughout 2022 will reach 5 percent [4]. Based on the data, it can be concluded that the business situation in the food and beverage sector is still very good in Indonesia with good market potential in the domestic and international markets.

Indonesia is the most dominant country in Southeast Asia with ownership of 275 spice species from 400-500 species in the world and the fourth largest spice-producing country in the world with a total production of 113,649 tons and total exports reaching USD 652.3 million [3]. The richness of this variety of spices provides an opportunity for Indonesia to develop and utilize its spices for the independence and competitiveness of the nation. The variety of uses of Indonesian spices is now growing along with technological advances and efforts to downstream research. The types of spices that are mostly produced in Indonesia include cloves, pepper, nutmeg, nutmeg, cinnamon, vanilla, and ginger [3]. Based on data research from the Food and Agriculture Organization (FAO) in 2020, it was recorded that Indonesia's rank is first in the production of cloves, cinnamon, and vanilla. Meanwhile, for other kinds of spices, Indonesia's rank is second in production of pepper and nutmeg and fifth in production of ginger.

PT Ganesha Abaditama is one of the companies that produces spices, both local and imported, the finished products are distributed to various sectors such as restaurants and cafes, food processing companies, supermarkets, e-commerce, and trading company. This food processing business started as an individual business in 1990 under the name "Mitra Samba" which is now the name for the main brand. The first goods that company produced were dried chili powder, which is processed from dried chilies and then milled, packaged, and distributed to several Korean restaurants in Jakarta. A few years later, in 1995, Mitra Samba began to market the dried chili powder and other dry powdered spices to several Japanese supermarkets and other modern supermarkets. Then, in 1999, Mitra Samba expanded its distribution coverage by supplying products to medium- to large-scale food industry companies. With the rapid



development of the food and beverage industry accompanied by rapid technological advances, it can be an opportunity as well as a threat for PT Ganesha Abaditama because of the high number of potential customers and the competition will be even tighter. PT Ganesha Abaditama has a major issue, which is declining sales and profits. Internal data obtained by the author to determine the business issue are sales reports from 2017 to 2022 which has processed and visualized in figure below.

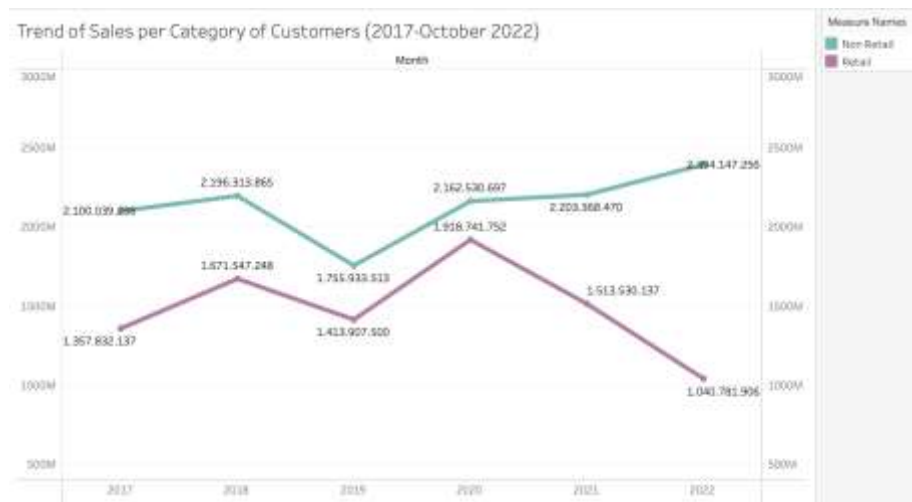


Figure 1. Trend of sales per category of customers (2017-October 2022)

Source: Primary Data Processed, 2022

The data shows that the sales generated from retail customers are almost always lower than those generated from non-retail customers. Symptoms of the problem first appear in 2020, when non-retail customer sales increase year after year until 2022, but retail customer sales decrease significantly. The impact of Covid-19, in which people's purchasing power decreased, was responsible for the decline in retail sales. However, the Coordinating Ministry for Economic Affairs of the Republic of Indonesia stated that the national economy is actually showing increasingly attractive improvements for the year 2022 [9]. This is due to the successful management of the pandemic and the strengthening of various leading indicators of the national economy. The achievement of economic growth in Q2-2022 which grew 5.44% (yoy) or higher than the achievement in Q1-2022 which amounted to 5.01% was a mark of the strengthening of the national economy, this achievement was higher than the achievement in Q1-2022 which amounted to 5.01%. (yoy) [9]. In addition to this, another quite important indicator was retail sales, which increased at a high rate by 15.42% (year over year), indicating that people's purchasing power was recovering after the pandemic [7].

The goal of this research is to conduct a business environment analysis to determine the current state and potential growth for a packaged spice manufacturer, as well as to develop a business strategy for PT Ganesha Abaditama with the purpose the company can gain a competitive advantage in retail supermarkets. This study is expected to help PT Ganesha Abaditama obtaining more revenue in the future for the better financial performance and profitability. As a result, at the conclusion of this study, there will be a new proposed business strategy as well as the efforts required to achieve the company's goal.

2. LITERATURE REVIEW

A. Business Strategy

Thompson et al, (2020) said that a company's strategy is the set of steps its managers take on purpose to win their competitors and increase profits. This means that in order to gain market share and accomplish its strategic goals, PT Ganesha Abaditama's management must establish which steps they want to take to gain the competitive advantage over rivals [11]. There are many ways to gain a competitive edge, they all depend on one of two fundamental mechanisms, either they produce their product or service more effectively or they give the customer a good or service that they value more highly than competitors [11]. Whatever the form, providing value that is superior or delivered more effectively almost always necessitates performing value chain activities differently than competitors and developing capabilities that are difficult to match.

According to the five generic competitive strategies that have been classified by Michael E. Porter, there are two factors give rise to four distinct competitive strategy options, plus one hybrid option [11]. The target market and the kind of competitive advantage being sought after are the two factors that determine which of Michael E. Porter's five generic competitive strategies should be used. The target market can be divided into two categories: a broad cross-section of buyers and a specific buyer segment or market niche. In the meantime, there are two categories of competitive advantage: lower cost and differentiation.



Source: This is an expanded version of a three-strategy classification discussed in Michael E. Porter, *Competitive Strategy* (New York: Free Press, 1980).

Figure 2. The Five Generic Competitive Strategies

Source: Porter, 1980 as cited in *Crafting and Executing Strategy* 22th Ed, Thompson et al., 2020

The five competitive strategy options are listed below:

- Broad Low-Cost Strategy

This strategy typically involves undercutting the prices of competitors in order to achieve the goal of achieving overall lower costs than those of competitors on comparable products that attract a broad spectrum of buyers.

- Broad Differentiation Strategy

Through this approach, the firm hopes to set its wares apart from the competition by emphasizing features that will appeal to a wide range of customers.

- Focused Low-Cost Strategy

The goal of this strategy is to provide for the wants and needs of a specific subset of customers (a market niche) at a lower price point than the competition (thereby being able to serve niche members at a lower price).

- Focused Differentiation Strategy

It's the practice of targeting a specific subset of consumers (a "market niche") by tailoring the product's features to those customers specifically so that firm can outperform the competition.

- Best-Cost Strategy

It's a strategy whereby firms attempt to undercut competitors by including more upscale product features in their offerings at the same or lower price points. A business that is able to produce a high-end, multi-featured product at the lowest possible cost can offer greater value to customers by undercutting the prices of competitors whose products are similarly featured. In order to stay competitive, many businesses are adopting a hybrid strategy that combines features of the aforementioned four approaches. It could have a narrow or wide target audience.

B. Product Development

Wahyudi et al., (2021) in their research concluded that product development from commodities to certified and branded products is a strategy to increase the added value of Indonesian vanilla [13]. By choosing the appropriate target market and achieving the best

positioning in relation to rival products, branded products can be created. Additionally, branded products are made to provide customers with value, which consists of the value of the features and performance of the product as well as the value of the brand's recognition. In line with expanding market access via digital marketing techniques like e-commerce, the development of this product is very optimistic. Moreover, Pratiwi et al., (2021) in their research analyzed consumer preferences and strategies for developing palm sugar product attributes. The results showed that consumer preferences for palm sugar products are determined from the attributes of price, packaging, health benefits&nutritional content, sugar-spice-blend innovation, expiration date, preservatives, organicity, halal status, shape&size, color, taste&aroma, aesthetics, solubility, hygiene, durability, promotion, accessibility, and discount [8].

C. Conceptual Framework

Conceptual framework is a diagram that visualizes the expected relationship of several different variables that used in this research

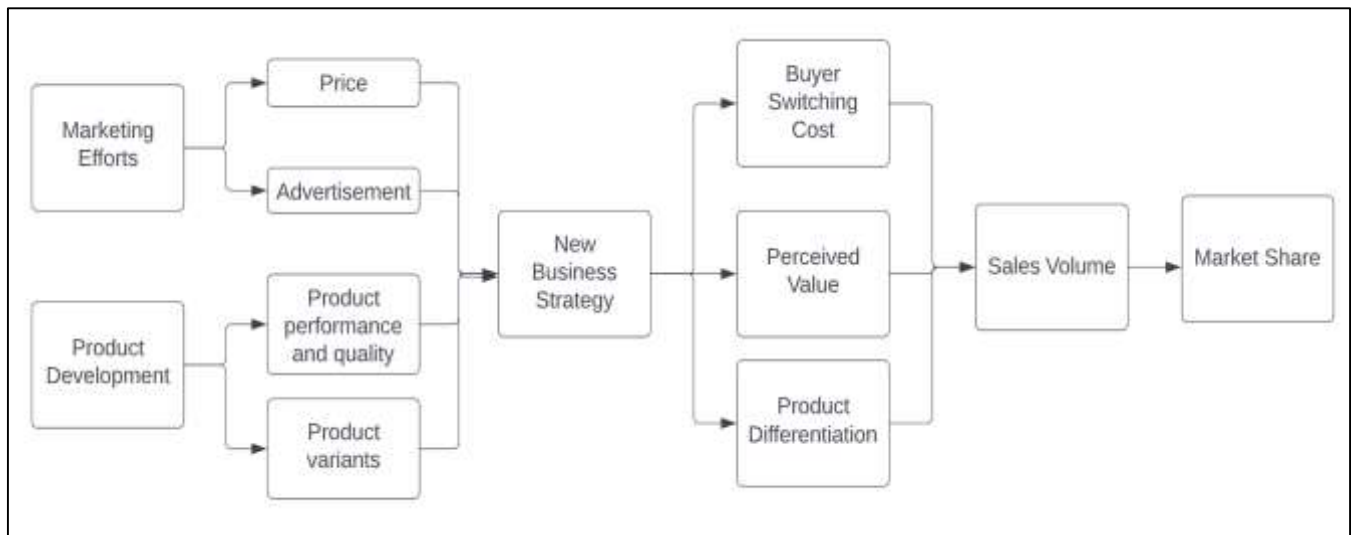


Figure 3. Conceptual Framework

Source: Author, 2022

Since the objective of this research is to the proposed business strategy that will increase the company's revenue, the expected output is an increase in market share, which can be achieved if the product the company offers is superior to other products in the same industry. Therefore, a strategy is needed to outperform competitors. In the book *Crafting and Executing Strategy, The Quest for Competitive Advantage*, it is written that there are several common weapons for competing with rivals. The first strategy in terms of marketing is to give more effort by providing price discounts, holding clearance sales, offering coupons, advertising items on sale, advertising products characteristics, using ads to enhance the company's image and building a bigger and better dealer network. The second strategy includes product development such as innovating to improve product performance and quality, introducing new or improved features, increasing the number of styles to provide greater product selection, and increasing customization of product or service. Both strategies will have an impact on buyer switching costs, perceived value, and product differentiation [11]. The expected positive effect of the two strategies is an increase in total sales volume accompanied by an increase in market share.

3. METHODOLOGY

This study uses a qualitative approach to investigate and comprehend the issue. Data were collected through primary and secondary sources. Primary data were collected through interviews and online questionnaires, while secondary data were collected through articles, journals and websites. Interviews were conducted to four respondents from PT Ganesha Abaditama to understand internal core competencies and overall food industry. The interviews used in this research were a semi-structured approach where the questions are standardized but the answers could be broadened and not limited to the questions. Below is the list of interviewees.



Table 1. Lists of interviewees'

Name	Position	Experienced	Objectives
Mustari Anies	President Director / Owner	32 years	Industry insight and internal capabilities
Mahlan Effendi	General Manager	20 years	Current strategy and internal capabilities
Mulyadi Novrinca	Marketing Manager	19 years	Marketing strategy
Suriyanah	Operational Manager	15 years	Business Process and internal capabilities

Source: Company's Internal Data

Online questionnaires were conducted separately to existing customers and prospective consumers. First online questionnaire addressed to existing customers consists of some questions to find out the company's performance from the customer's point of view and what customers expect in the future so that PT Ganesha Abaditama can continue to provide the best service for its existing customers. While the second online questionnaire addressed to prospective consumer consists of some questions to find out consumers preferences.

After the data collected, the research followed by internal and external performance analysis and interpretation. The two internal and external analyzes are combined to formulate a SWOT analysis which will be used as a basis for developing the strategy using the SWOT matrix.

4. FINDINGS AND DISCUSSIONS

A. *Business Environment Analysis (External)*

- Porter's 5 Forces

Competition in retail supermarkets for spice and seasoning products can be concluded to be quite high. Even though forces from suppliers are considered low, other forces from power of buyers, threats of substitutes, and rivalry among competing sellers are considered high, as well as threats of entry whose results are medium.

Table 2. Summary of the five forces analysis results

Five Forces	Result
Threat of Entry	Medium
Power of Suppliers	Low
Power of Buyers	High
Threat of Substitutes	High
Rivalry among Competing Sellers	High

Source: Primary Data Processed, 2022

Threat of Entry

Policies in food industry is consider high because the company need to register the products to BPOM in order to get the distribution license and Halal certificate in Indonesia is a must. High capital requirements is needed if a company want to produce the same high quality products because the machinery for production is quite expensive.

Power of Buyers

The majority of the industry's products are standardized or homogenous and switching to rival products is not expensive for consumers. Therefore, the level of this forces is high.

Power of Suppliers

The level of this force is low according to the respondents because suppliers' products are not in short supply and suppliers' products are not differentiated.



Threat of Substitutes

The advantage of using packaged spices is to make it easier for users when cooking, spices that have been processed in powder form can be added directly to cooking without having to be processed again. However, other substitutes are widely available, such as fresh seasoning or instant mix seasoning.

Rivalry among Competing Sellers

There is high competition among competing sellers because of the following factors, a large number of competitors and customer loyalty to specific brand.

- Customer Analysis

A total of 4 customers were surveyed, 3 of whom carried their own brands and 1 of whom carried the Mitra Samba brand.

Table 3. Customer Analysis Results

Parameter	Lion Superindo (Private Label)	Lotte (Private Label)	Prima (Private Label)	Transmart (Mitra Samba)
Number of variant products purchased	6-10	More than 10	2-5	More than 10
Reason to choose PT Ganesha Abaditama	Owning distribution license, halal certification, food safety management system certificate (HACCP), and product quality has met the standard	Owning distribution license, halal certification, food safety management system certificate (HACCP), and product quality has met the standard	Lower price of the products and good complaint handling	Owning distribution license, halal certification, food safety management system certificate (HACCP),
Rate for product quality (1-5)	4	5	5	4
Rate for value for money (1-5)	4	4	5	5
Rate for product availability (1-5)	3	4	5	4
Rate for delivery speed (1-5)	4	4	3	3
Rate for complaint handling (1-5)	4	4	4	5
Desires of customers	Product improvement	quality	Price reduction	Additional product variations

Source: Primary Data Processed, 2022

Based on the analysis that has been carried out on 4 retail customers, the following is the insight obtained.

Number of variant products purchased

In terms of the number of variant products purchased, 2 out of 4 customers have purchased more than 10 types of products. While the other 2 customers only bought less than 10 types of products. Sales volume can increase if it is accompanied by a large variety of products available for sale, so PT Ganesha Abaditama may consider increasing the number of variant products purchased by proposing the new products variant to the buyer or retail representative.

Reason to choose PT Ganesha Abaditama

The question in the next survey is to find out what factors are the reasons for retail customers to buy products at PT Ganesha Abaditama. The results show that 3 out of 4 customers choose the reason they buy products at PT Ganesha Abaditama is



because PT Ganesha Abaditama is owning a distribution license, halal certification, food safety management system certificate (HACCP). Another reason is because the product quality has met the standard, and the lower price of the product and good complaint handling. The following factors can be used as strengths to carry out promotions to other retail customers to expand the market

Rate for product quality

In terms of product quality, 2 out of 4 customers gave a perfect score of 5, and 2 other customers gave a score of 4. As a result, the overall rating for product quality is 4.5. It can be concluded that PT Ganesha Abaditama's packaged spices are of high quality.

Rate for value for money

The results of a customer survey for a rating on the value for money of a product are the same as a rating on product quality, 2 out of 4 customers gave a perfect score of 5, and 2 other customers gave a score of 4. As a result, the overall rating for product quality is 4.5. It can be concluded that the price paid by the customer for PT Ganesha Abaditama products is proportional to the value obtained by the customer.

Rate for product availability

In terms of product availability, only one retail customer, Prima Freshmart, gave a perfect score, while 2 out of 4 customers gave a score of 4, and 1 customer, Superindo, gave a score of 3. In general, the product availability rating is 4. So it can be concluded in terms of product availability, the rating is quite good, but there is still room for improvement so that customer ratings can increase by expanding product variations.

Rate for delivery speed

In terms of delivery speed, two out of four customers gave a rating of 4 and 2 other customers gave a rating of 3, so the average rating for delivery speed is 3.5. Based on the rating given by these customers, it can be concluded that in terms of delivery speed, PT Ganesha Abaditama's performance is not good enough. This can be used as evaluation material for the PT Ganesha Abaditama distribution team to improve their performance.

Rate for complaint handling

PT Ganesha Abaditama also provides questions in this survey regarding complaint handling performance. The result is that there is 1 customer who gives a perfect score of 5 points, and 3 other customers give a score of 4. So that the average complaint handling performance is 4.25. This point is quite good, but PT Ganesha Abaditama still has to maintain and also improve performance in terms of handling complaints.

Desires of customers

The final question is about the customer's needs or desires. Prima Freshmart and Transmart responded that they needed more product variety, Lotte requested lower prices, and Superindo requested that PT Ganesha Abaditama improve product quality.

Feedback from these customers will be considered by the author as well as the company when developing future strategies.

- **Consumer Analysis**

PT Ganesha Abaditama can deploy strategic fits that align its consumers with the value proposition of the products that PT Ganesha Abaditama offers by deploying consumer analysis. The analysis is divided into: (1) Profiling respondents and; (2) Factors that influence respondents to choose/purchase a packaged spices; and (3) Preference of respondents for packaged spices. The analysis technique is descriptive statistics using data that collected via google form.

Respondents profiling

Total sample respondents are 153 consumers with a history of buying packaged spices. The profiling method is using frequency distribution by summarizing the number of times a particular value of a variable. The variables are age, gender, city of residence, cooking tendency, occupation, income per month, budget per month for packaged spices.

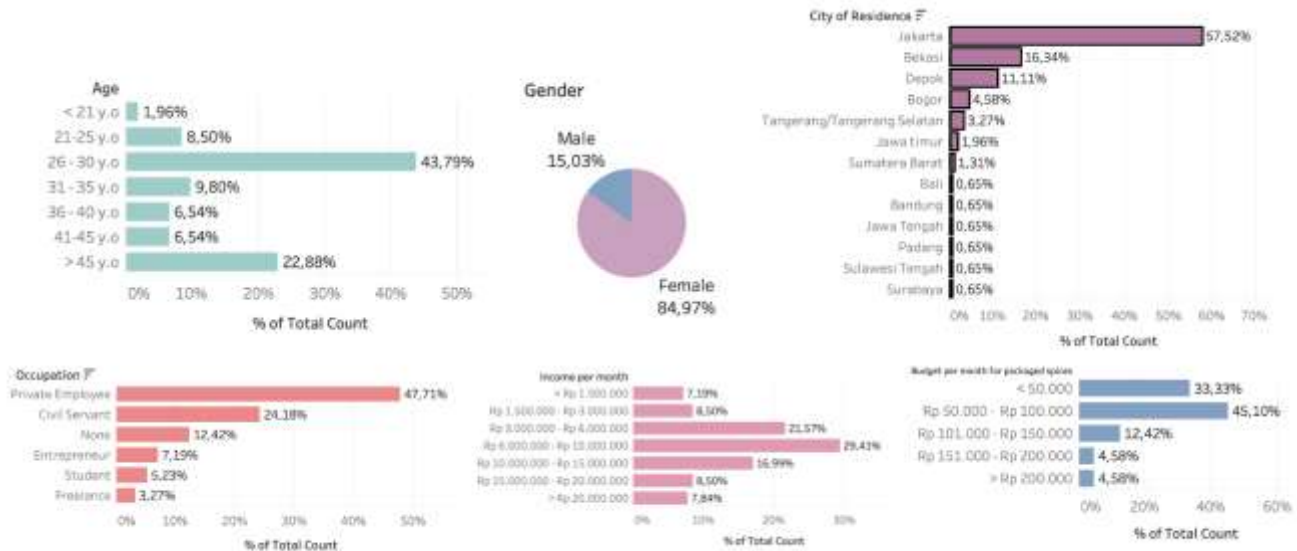


Figure 4. Respondents profiling
Source: Primary Data Processed, 2022

A total of 89.55% of the 153 respondents are over the age of 26, making up the millennial generation and some members of generation X who are over 41 and who predominately fill out surveys about the use and purchase of spices or packaged seasonings that have been processed in Indonesia. Women made up 84.97% of respondents overall, making them the majority in terms of gender.

Jakarta, Bogor, Depok, Tangerang, and Bekasi (Jabodetabek) are the cities where the largest number of respondents live and dominate this survey with a total of 92.82%.

The majority of the 153 respondents were either private employees or civil servants, making up 71.89% of the total. Of the remaining respondents, 12.42% were unemployed, 7.19% were business owners, 5.23% were students, and 3.27% were freelancers.

The highest income of respondents is in the range of IDR 6,000,000-10,000,000 with a total of 29.41%, followed by respondents with income per month in the range of IDR 3,000,000-6,000,000 with a total of 21.57%. Respondents whose monthly income ranged between IDR 10,000,000 and 15,000,000 made up 16.99% of the sample. This group came in third place. Other results include respondents with monthly incomes of IDR 1,500,000-3,000,000 and IDR 15,000,000-20,000,000, both of which are 8.5%; respondents with incomes of more than IDR 20,000,000 are 7.84%; and finally, respondents with incomes of less than IDR 1,500,000 amounted to 7.19% of the total. This means, the respondents were dominated by people with monthly incomes of IDR 3.000.000–15.000.000, totaling 67.97%.

45.10% of respondents indicated that their monthly budget for packaged spices was between IDR 50,000 and IDR 100,000, followed by 33.33% who reported spending less than IDR 50,000 per month. Other responses ranged from IDR 101,000 to IDR 150,000 by 12.42%, IDR 151,000 to IDR 200,000 by 4.58%, and higher than IDR 200,000 also by 4.58%.

Factors that influence respondents to choose/purchase a packaged spice

The 2nd stage of the consumer analysis is to find out the factors that influence respondents to choose or purchase a packaged spice. The questions asked are whether consumers have a tendency to cook, the reasons for choosing to buy packaged spices, and what things are considered in choosing packaged spices.

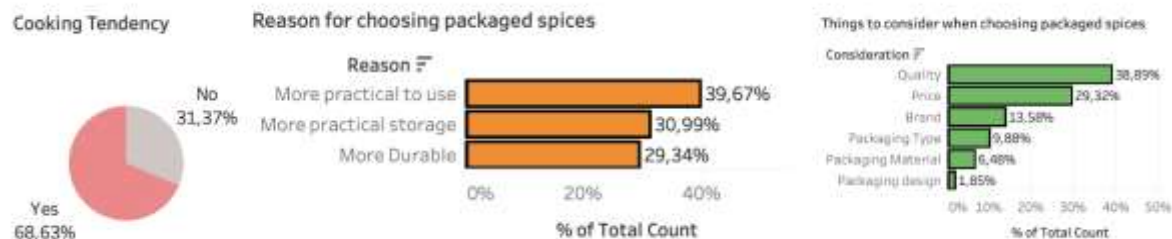


Figure 5. Factors that influence respondents to choose/purchase a packaged spice
Source: Primary Data Processed, 2022

Of the 153 respondents, the majority of respondents had a tendency to cook with a percentage of 68.63%, meaning that more respondents have the potential to buy packaged spices because spices are one of the important ingredients in cooking.

The next question is to find out why they choose to buy packaged spices in powder form. The result is that 39.67% of respondents answered that packaged spices in powder form are more practical to use, 30.99% answered because it is more practical to store, and 29.34% answered because they have a longer shelf life.

Then to find out the respondents' considerations in choosing packaged spices, the author provides several general options based on the results of interviews with Ganesha's management. These options include quality, price, brand, packaging type, packaging material, and packaging design. The results of the survey show that the 3 highest positions are as follows, 38.89% choose quality, 29.32% choose price, and 13.58% choose brand.

Preference of respondents for packaged spices

The third part of the consumer analysis session is to find out consumer preferences for packaged spices in terms of the final spice product form, packaging materials, packaging type, and number of spice ingredients with a choice of packaged spices with single ingredients or packaged spices with mixed ingredients.

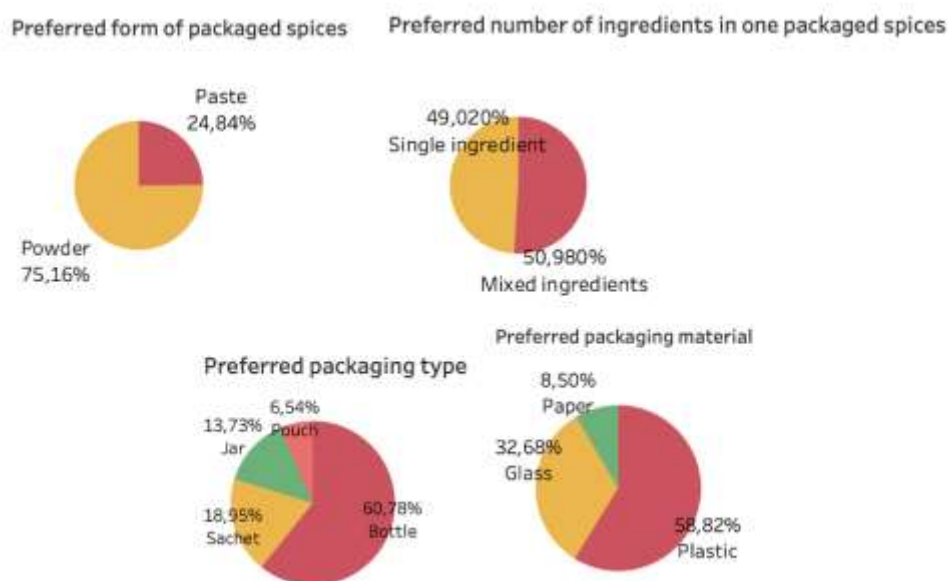


Figure 6. Preference of respondents for packaged spices
Source: Primary Data Processed, 2022



In terms of the final form of the product, 75.16% of respondents answered that their preference for buying packaged spices was packaged spices in powder form, while only 24.84% of respondents chose packaged spices in paste form.

Meanwhile, in terms of the number of spice ingredients in 1 product, the author gives 2 options, packaged spices with a single ingredient or packaged spices that contain a mixture of spices. Examples of packaged spices with a single ingredient are white pepper, chili powder, and cinnamon powder. Meanwhile, examples of products with mixed ingredients are rendang seasoning, marinade seasoning, and fried rice seasoning. The result is that 50.98% of respondents tend to prefer products with mixed ingredients, and 49.02% of respondents tend to prefer products with a single ingredient. Currently, Ganesha focuses on products with a single ingredient. The advantage for consumers, is that they can freely mix the spices according to their individual tastes. But the new insight gained from this analysis is that Ganesha needs to develop new products with mixed ingredients, because even though the proportions seem balanced, the results show that more respondents choose mixed ingredients products. Based on the profile of the respondents, most of them are millennials who have jobs so they choose to buy products that are more practical.

The next question is what type of packaging is preferred by consumers. The results showed that 60.78% of respondents chose bottles as the preferred packaging. In second place are sachets with a contribution of 18.95%, then Jars 13.73%, and in last place are pouches with 6.54%. Based on the company's internal data, currently Ganesha has 3 types of packaging, bottles, pouches and sachets. The most sold packaging at the moment is the bottle, the second is the pouch, and the last is the sachet. Based on the insights obtained from this question, Ganesha can consider increasing sales of products with sachet packaging according to consumer interest which looks quite high

The final consumer interest analysis is related to packaging materials, the authors make three choices which are common packaging materials that are often used for packaged spices, the three choices are plastic, glass, and paper. Plastic is usually used for packaging types of bottles, sachets, and pouches. Glass is usually used for bottle and jar packaging types. While paper is usually used for the type of pouch packaging. The result is that 58.82% of respondents chose plastic packaging materials, 32.68% chose glass, and lastly 8.50% chose paper.

B. Business Environment Analysis (Internal)

- Resource-Based View Analysis

The company's internal analysis using the resource-based view model is carried out through interviews and also direct observation. This model considers resources to be the primary factor in determining a company's level of success [10]. Analysis results are collected and summarized in the following table:

Table 4. Tangible and Intangible Resources Analysis Results

Tangible Resources	Results
Labor	70 employees
Capital	From retained earnings and long-term debt
Land	Office: 500m ² Factory: 2,000m ²
Buildings	Office: 300m ² Factory: 1,500m ²
Plant	2 plants for manufacture and packaging
Equipment	10 production machine
Supplies	Inventory with a total of 23% from total assets
Intangible Resources	Results
Culture	Has not clearly identified yet
Knowledge	Knowledge in the processing of packaged spices with 27 years of experience



Brand Equity	Low brand equity
Reputation	Known for its high quality products
Intellectual Property	The trademark "Mitra Samba" has been registered in the intellectual property database by Ministry of Law and Human Rights of the Republic of Indonesia

Source: Company's Internal Data

Based on an analysis using a resource-based view model, it can be seen that PT Ganesha Abaditama has adequate resources to compete in the food and beverage retail industry.

- Core Competencies

Listed are typical core competencies for businesses, greatest quality products, most innovative technology, best customer service, largest buying power, strongest company culture, fastest production or delivery, lower cost provider, and highest degree of flexibility [12]. The following are the results of the gap analysis related to the essential core competencies and company conditions:

Table 5. Core Competencies Analysis Results

Essential competencies	core	PT Ganesha Abaditama	Conclusion
Greatest quality products		The company has made investments in the most stringent quality control measures, workers who are technically competent, and high-quality raw materials.	Yes
Most innovative technology		The company has not invested a large amount of capital in research & development and employs experts in their respective fields.	No
Best customer service		The company has procedures for handling customer complaints and training for staff who handle customer complaints has been carried out	Yes
Largest buying power		The company has acquired one competitors and has built strong relationships with vendors to obtain favorable prices or services.	Yes
Strongest company culture		The company hasn't aimed to attract the best talent by investing heavily in onboarding, development, or employee fun and collaborative events.	No
Fastest production or delivery		The company has the ability to manufacture or ship items in the quickest time possible. Along with investments in production processes and distribution relationships, the company has also made investments in connected software systems.	Yes
Lower cost provider		Until now, the company's prices have not been competitive with those of similarly featured products. In addition, business owners have not made sufficient investments in the most effective procedures, which would allow them to reduce the amount of labor and material inputs.	No
Highest degree of flexibility		The company has not been able to react quickly enough to take advantage of business opportunities or overcome business challenges.	No

Source: Primary Data Processed, 2022

- VRIO Analysis

The company's internal analysis using the VRIO model is carried out with data sourced from the results of interviews and also observations that have been made. The following are the results of the analysis which are summarized in the table below.



Table 6. VRIO Analysis Results

Core Competencies	V	R	I	O	Competitiveness
Well-deserved reputation for producing excellent goods	Yes	Yes	Yes	Yes	Sustainable competitive advantage
Good quality management system	Yes	No	No	No	Competitive parity
Experienced employee with long working years	Yes	Yes	No	No	Temporary Competitive Advantage
Having sufficient funds	Yes	No	No	No	Competitive parity
Good customer service	Yes	No	No	No	Competitive parity
Largest buying power	Yes	Yes	Yes	No	Temporary Competitive Advantage
Fastest production or delivery	Yes	No	No	No	Competitive parity

Source: Primary Data Processed, 2022

All the core competencies are valuable and rare, it can enable PT Ganesha Abaditama to increase value creation and benefit the company to gain competitive advantage over its competitors. Reputation, certification, assets, utilities, and financial resources are considered costly to imitate because if competitors want to copy the core competencies, it requires a large amount of funds. Human resources and assets are consider not organized to capture value because both of these things have not been used optimally to provide value according to its existence, the company need to maximize these core competencies to be able to provide the value.

C. Strengths (Internal)

1. Having the capability of producing high quality goods with its Quality Management System that performs exceptionally well
2. Sufficient capital exists to support the company's growth
3. Low employee turnover and having experienced employee with long working years
4. The company has a good relationship with customers
5. The company has the capacity to produce or deliver goods in the fastest possible time.

D. Weaknesses (Internal)

- a. Lack of research and development activities
- b. There are gaps in the product range sold by the company
- c. Lack of marketing and branding activities
- d. Organization culture has not clearly identified

E. Opportunities (External)

- a. Improved economic conditions boost consumer spending.
- b. Availability of support from the government for SME
- c. A variety of technologies available to facilitate company operations
- d. New customers from online channel
- e. Broad market availability

F. Threats (External)

- a. High competition in retail food industry & new entrants
- b. Instability of the yield of spice products that could lead to raise of raw material prices

G. SWOT Matrix

Below are the results of SWOT Matrix



Table 7. SWOT Matrix Analysis Results

Strengths	Opportunities	Strengths–Opportunities Strategies
<ol style="list-style-type: none"> Having the capability of producing high quality goods with its Quality Management System that performs exceptionally well Sufficient capital exists to support the company's growth Low employee turnover and having experienced employee with long working years The company has a good relationship with customers The company has the capacity to produce or deliver goods in the fastest possible time. 	<ol style="list-style-type: none"> Improved economic conditions boost consumer spending. Availability of support from the government for SME A variety of technologies available to facilitate company operations New customers from online channel Broad market availability 	<ol style="list-style-type: none"> Allocate more budget to strengthen marketing activities Actively participating in government programs to market products Utilize internet and digitalization to increase sales by strengthening digital marketing Establish official store in e-commerce like an exclusive marketplace Shopee Mall Develop a new product variants like instant seasoning that suitable for sales in minimarket
Weaknesses	Threats	Weaknesses-Threats Strategies
<ol style="list-style-type: none"> Lack of research and development activities There are gaps in the product range sold by the company Lack of marketing and branding activities Organization culture has not clearly identified 	<ol style="list-style-type: none"> High competition in retail food industry & new entrants Instability of the yield of spice products that could lead to raise of raw material prices 	<ol style="list-style-type: none"> Hire more employee for research and development team Develop a new product variants Strengthen marketing activities to boost retail sales Identify a creative culture and Provide work culture that encourages creativity by holding Innovation Awards for employee
Strengths	Threats	Strengths–Threats Strategies
<ol style="list-style-type: none"> Having the capability of producing high quality goods with its Quality Management System that performs exceptionally well Sufficient capital exists to support the company's growth Low employee turnover and having experienced employee with long working years The company has a good relationship with customers The company has the capacity to produce or deliver goods in the fastest possible time. 	<ol style="list-style-type: none"> High competition in retail food industry & new entrants Instability of the yield of spice products that could lead to raise of raw material prices 	<ol style="list-style-type: none"> Strengthen marketing activities to boost retail sales Develop new pricing strategy based on raw material price. The company need to create a standard operational procedure to arrange the increase in selling price for retail customers
Weaknesses	Opportunities	Weaknesses–Opportunities Strategies
<ol style="list-style-type: none"> Lack of research and development activities 	<ol style="list-style-type: none"> Improved economic conditions boost consumer spending. 	<ol style="list-style-type: none"> Actively participating in government programs to market products



2. There are gaps in the product range sold by the company	2. Availability of support from the government for SME	2. Utilize internet and digitalization to increase sales by strengthening digital marketing
3. Lack of marketing and branding activities	3. A variety of technologies available to facilitate company operations	3. Utilize internet and digitalization to support research and development activities
4. Organization culture has not clearly identified	4. New customers from online channel	4. Provide internet and digitalization training to employees to boost creativity and innovation
	5. Broad market availability	

Source: Primary Data Processed, 2022

Since this study focuses on business strategy, which is concerned with improving the performance of a single line of business in addition to strengthening the market position and building a competitive advantage, the author has arrived at the conclusion that PT Ganesha Abaditama needs to implement best-cost strategies. It is a combination of low-cost strategies and differentiation strategies, combining elements of both at the same time to create a hybrid approach. This strategy was chosen based on insights obtained from analyses that have been carried out both internally and externally. The author concludes that to be able to compete in the retail industry in the food and beverage sector, companies must be able to excel in terms of competitive prices and also better product quality than competitors.

Successful agile transformations need strong and aligned leadership from the top and an agile organization does not deliver work in accordance with a traditional organizational chart; rather, it can be viewed as a series of cells (or "teams," "squads," or "pools") organized around common missions and referred to as "tribes" [1]. The new business strategy should be implemented in an organized manner. As a result of this research, the author suggest that PT Ganesha Abaditama need to carry out a special project with a clear timeline to implement the new strategy. The project should be divided into several mini projects that will be led by different teams, with one person in charge of ensuring that each action is carried out properly and on time in accordance with the agreed timeline. Executives at an agile company must therefore agree on a small, well-defined set of priorities—ideally, ten or fewer [2].

5. CONCLUSION AND RECOMMENDATION

There are 4 points that can be summed up, as follows:

1. Consumer confidence in online shopping has increased as a result of the controlled Covid-19 pandemic. Retail sales increased by 15.42% (yoy) in 2022, indicating that people's purchasing power is regaining strength following the pandemic. Since the Covid-19 pandemic, customers in Indonesia have become more accustomed to cooking at home to avoid large gatherings of people, which has led to a rise in the growth potential of seasoning spices.
2. Ganesha is a small to medium-sized company that produced packages spices for Indonesian supermarkets. In retail supermarkets, competition for spice and seasoning products is quite fierce because competitors offer a greater variety of products at lower prices and with more appealing packaging. Based on the internal analysis, Ganesha has sufficient human resources, facilities, equipment, and skills to increase production. However, Ganesha lacks the capacity to increase sales or product value due to its ineffective and inflexible marketing and research & development strategies. According to consumer research, the two most important factors consumers consider when selecting packaged spices are quality and price. In order to gain a competitive advantage, the authors propose the Best-Cost strategy, a hybrid of low-cost and differentiation strategies that incorporates elements of both simultaneously. The essence of a best-cost strategy is providing customers with greater value for their money by satisfying their desires for desirable features and charging a lower price than competitors for these features.
3. Ganesha must increase product value by enhancing product quality, altering product appearance to make it more appealing, extending product's shelf life, and developing new products which is containing a blend of spices used to prepare one type of food, so that they are more convenient for consumers to use. To charge a lower price, Ganesha can reduce costs by developing new product variations with less nett weight, developing a new purchasing strategy for substituting lower-cost



inputs, increasing productivity by adding new machines with greater capacity and enhancing process design, and enhancing supply chain efficiency by determining a minimum order quantity for each retail outlet.

4. To increase profits through marketing activities, company need a strategy to increase sales, which can be accomplished by increasing the sales volume of each customer and the number of active customers. The author provides solutions to improve marketing performance by developing a marketing plan for 2023 that includes strengthening customer relationship management strategy by using CRM software, rebuilding and increasing brand awareness, launching new websites and improving website visibility by using Search Engine Optimization, participating in events, exhibitions, and other events, setting up the Point of Purchase Display in every supermarket to increase sales, and participating in events, exhibitions, and other events.

In order to improve the execution of the strategy, the following suggestions are by making more efforts to improve the human capital. Company need to recruit more employee to obtain needed skills and expertise, provide additional training for employees who require job advancement, provide work culture that encourages creativity by holding Innovation Awards for employee, and develop incentive system to encourage sales team productivity. Company need to follow the strategy for an agile organization to support the achievement of new strategies and also for the sustainability of the company. The author also recommends companies to start preparing to market their products on an international scale by more actively seeking programs from the government that support the acceleration of exports and also obtaining HACCP and FSSC 22000 certificates which are food safety systems accepted by the international market. PT Ganesha Abaditama can use an international strategy to enter the global market, it is a global strategy in which a company sells the same products or services in their domestic market as well as in markets outside of their country. An international strategy will typically rely on exporting, licensing of products, and franchising of services as its primary means of gaining access to a larger market in order to achieve economies of scale. In addition, PT Ganesha Abaditama should conduct market research and analyzing consumer behavior to identify potential customers, as well as conducting internal development in the form of a gap analysis between the growth of market trends and the company's capabilities.

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