

Business Strategy for Clothing Brand in Indonesia

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ABSTRACT: The growth of the fashion industry was able to contribute about 18.01%, or IDR 116 trillion. The fashion industry's revenue is anticipated to reach \$9.30 billion in 2022, according to recent data. By taking advantage of this chance, Good News is a Christian and Catholic spiritual clothing company. In Indonesia, Good News aims a market of 28.88 million Christians and Catholics. with 1,401,771 potential customers in Jakarta, where Good News is based. Three products were eventually released by Good News, but sales haven't yet surpassed expectations. Additionally, based on the market potential previously mentioned, Good News sales are unable to reach the 1,401,771-person potential market in Jakarta as a whole.

Qualitative research techniques are used in this study. Owners of Good News businesses are interviewed for internal data sources. External sources can be found by reviewing published sources of information for pertinent political, governmental, legal, technological, and competitive trends and events. Before analyzing Good News's strengths, weaknesses, opportunities, and threats, the author first collects external business factors. The data is then converted into an IFE and EFE matrix, which can be used to determine rankings and weights. A matching IE matrix is created after the data analysis.

Good News The total weighted scores for the IFE matrix and EFE matrix are 2.54 and 2.86, respectively. The Hold and Maintain strategy fits the Good News based on the IE Matrix. Good News can change its strategy by working on product development and market penetration. Additionally, starting in January 2023, the author developed an implementation plan, timeline, and budget plan to track strategies to keep the business on course.

KEYWORDS: EFE, IFE, IE Matrix.

I. INTRODUCTION

Fashion trends in Indonesia reflect social and economic status, which is usually identified as popularity. Fashion has recently emerged as a lucrative industry in Indonesia, with its growth continuing to accelerate. The fashion industry's development was able to contribute approximately 18.01% or IDR 116 trillion. Badan Ekonomi Kreatif (BEKRAF) is also working to strengthen the ecosystem and promote growth in this subsector. Fashion has evolved from a basic necessity to an artistic necessity to accelerate this industry's growth.

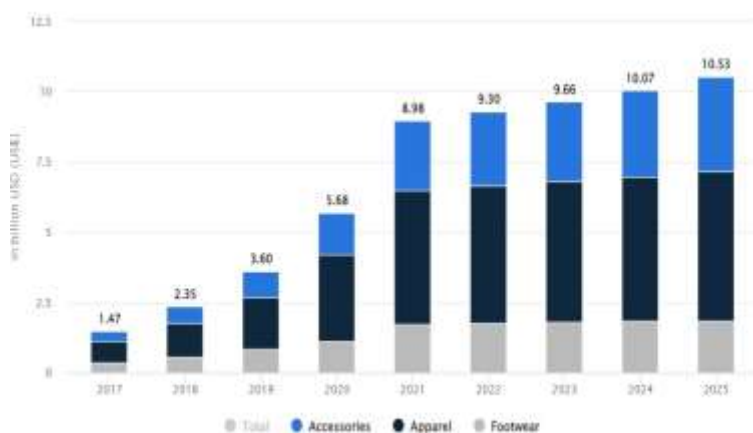


Figure1. Fashion Revenue in Indonesia, Statista

According to recent data, revenue in the Fashion segment is expected to reach \$9.30 billion in 2022 [1]. The potential for fashion in Indonesia is still very good, particularly in the apparel segment, besides the number of consumers who are dominated by the age



25-34 years who are classified as productive age who work as employees, freelancers, and so on a daily basis [1]. This way of life reflects their desire for clothes that are both functional and comfortable when participating in activities. This is consistent with one of Good News core values, product quality. Good News is a clothing brand that focuses on providing Christian and Catholic spiritual clothing products. With hopes that Good News products can be the style of fashion that is chosen by Indonesian Christians and Catholics. Good News initiated the positioning of Christian and Catholic fashion brands. After a few months, Good News released three products, but sales still haven't surpassed expected sales. By this issue this research was conducted to answer a research question (RQ) : What is the appropriate strategy for Good News? And How to implement the strategy?.

II. LITERATURE REVIEW

In this chapter, the author will discuss the theory regarding the strategic plan based on book references and previous research. A strategic plan is essentially a business's game plan. To compete successfully, a company must have a solid strategic plan [2] An analysis called the External Factor Evaluation (EFE) matrix can be used to identify and assess external factors like those that affect the economy, society, culture, demography, environment, politics, government, law, technology, and industry competition. Utilizing the Internal Factor Evaluation (IFE) Matrix tool is one step in the analysis process. It can be used to identify and assess a business's scope's strengths and weaknesses [3].

Because a company needs to take advantage of opportunities and avoid or at least mitigate threats, this external analysis is crucial to strategic planning. The goal is to create divisional EFE matrices that the business could use to create a comprehensive corporate EFE matrix. Searching the internet and reviewing published sources of information for pertinent political, governmental, legal, technological, and competitive trends and events is a crucial step in preparing an external audit. Before effective strategies can be developed, external opportunities and threats must be analyzed [3]. It takes five steps to create an EFE matrix:

1. List the important external elements that were discovered during the external audit process. Use a total of 10 to 20 external factors, including both opportunities and threats. List your opportunities before your threats.
2. Give each factor a weight that ranges from 0.0 (not important) to 1.0 (absolutely important). The weight given to a particular factor reveals its relative significance to the firm's industry success. The factors that are thought to have the biggest impact on organizational performance should be given the highest weights, regardless of whether they are considered to be external opportunities or threats. All weights must add up to 1.0.
3. To determine whether a factor is a low response (rating = 1), a average response (rating = 2), a good response (rating = 3), or a high response (rating = 4), rate each one from 1 to 4. Be aware that attributes must be rated 3 or 4 for opportunities and 1 or 2 for threats. As a result, ratings are based on companies, whereas step 2's weights are based on industries.
4. To calculate a weighted score for each variable, multiply the weight of each factor by its rating.
5. The organization's overall weighted score is calculated by adding the weighted scores for each variable.

No matter how many variables are included in an IFE Matrix, the total weighted score can range from 1.0 to 4.0, with 2.5 being the average. Organizations with total weighted scores well below 2.5 are characterized as being externally weak, whereas scores significantly above 2.5 show a strong external position. An EFE Matrix should contain between 10 and 20 important variables. The range of total weighted scores is unaffected by the number of factors because the weights always add up to 1.0. [2].

This strategy-formulation tool provides a basis for identifying and evaluating relationships between those functional areas as well as a summary and evaluation of the key strengths and weaknesses in each. It is necessary to make intuitive decisions when creating an IFE Matrix, so just because it seems like a scientific method, that doesn't mean it is. More significant than the numbers themselves is a thorough understanding of the factors involved. [2] It takes five steps to create an IFE matrix:

1. List the important internal elements that were discovered during the internal audit process. Use a total of 10 to 20 internal factors, including both strengths and weaknesses. List your strengths before your weaknesses.
2. Give each factor a weight that ranges from 0.0 (not important) to 1.0 (absolutely important). The weight given to a particular factor reveals its relative significance to the firm's industry success. The factors that are thought to have the biggest impact on organizational performance should be given the highest weight, regardless of whether they are considered to be internal strengths or weaknesses. All weights must add up to 1.0.

3. To determine whether a factor is a major weakness (rating = 1), a minor weakness (rating = 2), a minor strength (rating = 3), or a major strength (rating = 4), rate each one from 1 to 4. Be aware that attributes must be rated 3 or 4 for strengths and 1 or 2 for weaknesses. As a result, ratings are based on companies, whereas step 2's weights are based on industries.
4. To calculate a weighted score for each variable, multiply the weight of each factor by its rating.
5. The organization's overall weighted score is calculated by adding the weighted scores for each variable.

No matter how many variables are included in an IFE Matrix, the total weighted score can range from 1.0 to 4.0, with 2.5 being the average. Organizations with total weighted scores well below 2.5 are characterized as being internally weak, whereas scores significantly above 2.5 show a strong internal position. An IFE Matrix should contain between 10 and 20 important variables. The range of total weighted scores is unaffected by the number of factors because the weights always add up to 1.0 [2].

Although systematic methods for conducting strength-weakness analyses are not well developed in the literature on strategic management, it is obvious that in order to formulate and select alternative strategies effectively, strategists must recognize and assess internal strengths and weaknesses. The fundamental knowledge required to successfully develop competitive strategies is provided by the EFE Matrix, IFE Matrix, and concise statements of vision and mission. Managers and staff from all levels of the organization have the chance to get involved in shaping the company's future during the internal auditing process. Managers and staff can become motivated and energized by being involved in the process [2].

The obtained data from IFE and EFE analysis is then processed further using the Internal-External (IE) Matrix. The IE Matrix's main function is to summarize and depict a company's position in a diagrammatic format [3].

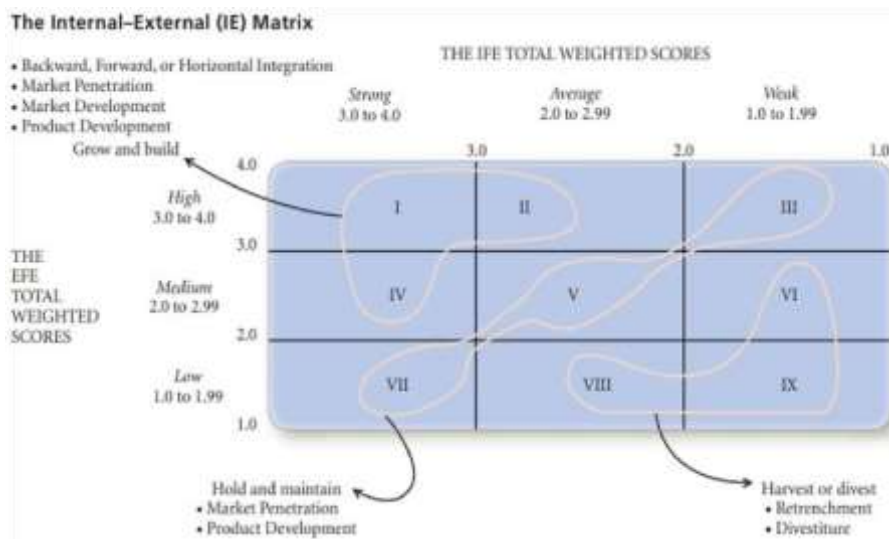


Figure 2. IE Matrix Conceptual Framework

The IFE total weighted scores on the x-axis and the EFE total weighted scores on the y-axis form the foundation of the IE Matrix see Figure 2. Recall that for their respective portions of the organization, each division of an organization should create an IFE matrix and an EFE matrix. Construction of the corporate-level IE Matrix is possible thanks to the sum-weighted scores obtained from the divisions. An IFE total weighted score of 1.0 to 1.99 on the x-axis of the IE Matrix denotes a weak internal position, 2.0 to 2.99 is average, and 3.0 to 4.0 is strong. EFE total weighted scores between 1.0 and 1.99 are regarded as low, 2.0 to 2.99 as a medium, and 3.0 to 4.0 as high on the y-axis. There are three main regions of the IE Matrix, each of which has a different strategic impact. First, grow and build is the prescription for divisions that occur in cells I, II, or IV. These divisions may benefit most from intensive (market penetration, market development, and product development) or integrative (backward integration, forward integration, and horizontal integration) strategies. Second, hold-and-maintain strategies work best for managing divisions that fall into cells III, V, or VII; product development and market penetration are two tactics frequently used for managing these kinds of divisions. Third, harvest or divest is a typical treatment for divisions that occur in cells VI, VIII, or IX. Successful companies can build up a portfolio of companies that are located in or close to the cell I of the IE Matrix [2].



III. METHODOLOGY

Primary data sources are acquired from both internal and external businesses. Internal and external factors, the weight of internal and external strategic factors, and the ranking of internal and external strategic factors are the names of the data on the primary data source used. Interviews with internal data sources are conducted with Good News business owners. Reviewing published sources of information for relevant political, governmental, legal, technological, and competitive trends and events yields external sources. Primary data collected through observation and interview methods will be processed during the research activity. One of the methods of data collection used by the author is observation, Previous studies state the process of gathering data and/or information by making systematic observations of the phenomenon being observed. Utilizing the observation method with observations in the form of a checklist as an instrument is a successful strategy.

IV. ANALYSIS AND RESULT

The obtained data from IFE and EFE analysis is then processed further using the Internal-External (IE) Matrix.

A. EFE Matrix

EFE The External Factor Evaluation (EFE) Matrix is an analysis that can be used to find and evaluate external factors that exist in a company [3]. Table 1 displays the findings of the study in the Good News industry as an EFE matrix. Through external analysis, there are 11 opportunity factors and 9 threat factors. The weight and rating are subjectively assigned and are based on author analysis with owner interviews.

Table 1. EFE Matrix

EFE Matrix Table (External Factor Evaluation)	Weight	Rating	Score
Opportunity			
Government policy in encouraging new MSMEs Capital	0.04	1	0.04
PPKM regulations repealed as of December 2022.	0.04	3	0.12
Following covid-19, 91% of Indonesian respondents preferred local brands over international brands.	0.07	3	0.21
For WFH attire, people prefer casual and comfortable clothing.	0.06	4	0.24
There is a community drive to have something that follows the trend.	0.07	4	0.28
Customers can shop from home using a variety of online applications.	0.06	3	0.18
Instagram ads and shopping features are being used to sell products.	0.05	2	0.1
Access to Indonesia's 80 million Instagram users.	0.03	3	0.09
Production from outsourcers who have used production tools with advanced technology	0.05	4	0.2
Few competitors with the same design theme.	0.05	1	0.05
Revenue is expected to grow at a 4.23% annual rate (CAGR 2022-2025)	0.05	2	0.1



Threat			
PPKM policy that limits outdoor events and regulates shopping malls, restaurants, and public spaces which is constantly changing.	0.06	3	0.18
Government policy in encouraging new MSMEs so that there will be many new convection businesses born	0.04	2	0.08
The economic downturn influences household consumption, causing them to prioritize essential needs.	0.05	2	0.1
The purchase of fabric must be in a large quantity so it requires higher capital.	0.06	4	0.24
Fast-changing market model trends	0.06	3	0.18
Fashion Industry is one of the biggest contributors to the worlds pollutant, 10% of global carbon dioxide	0.03	1	0.03
Weak copyright law in Indonesia	0.03	3	0.09
Some competitors have well-known brand names	0.05	3	0.15
Clothing production is still handled by one vendor.	0.05	4	0.2
Total Score	1		2.86

The main external factors in the Good News business, according to the results of opportunity the EFE Matrix analysis, is There is a community drive to have something that follows the trend. with a score of 0.28. Good News' primary area of threat, receiving a score of 0.24, is The purchase of fabric must be in a large quantity so that it requires higher capital. The overall internal factor score of 2.86 indicates that external conditions at Good News are favorable. Organizations that are weak externally have total weighted scores well below 2.5, whereas organizations that are strong externally have scored significantly above 2.5 [2].

B. IFE Matrix

The Internal Factor Evaluation (IFE) Matrix is a tool used to process data that has been collected on the internal factors. The IFE matrix is a tool that can be used to identify and assess the strengths and weaknesses in the range of a business, claim [3]. Table 2 displays the IFE matrix's findings for the Good News company. Through internal analysis, there are ten factors that are strengths and seven that are weaknesses.

Table 2. IFE Matrix

IFE Matrix Table (Internal Factor Evaluation)	Weight	Rating	Score
Strength			
Engage with the customer through Instagram	0.09	4	0.36
All products made by local from vendor/supplier	0.03	3	0.09
Customer service orientation	0.05	2	0.1
The price of products and services offered by the company was feasible	0.05	3	0.15



Good product quality orientation	0.09	4	0.36
Vendors components and subassemblies were reliable	0.05	3	0.15
Partnership with Pastors	0.06	4	0.24
Authentic and Niche (Christians Theme)	0.06	3	0.18
Open booths at exhibitions and religious activities.	0.06	4	0.24
Product placement at Instagram, Whatsapp, and Tokopedia	0.04	2	0.08
Weakness			
Image design is less varied and limited	0.08	1	0.08
All t-shirt production processes are still handled by only one vendor	0.06	1	0.06
The company did not have R & D facilities	0.07	1	0.07
Brand names are less widely known to the public	0.07	2	0.14
The company did not have an effective promotion, advertising and publicity strategy	0.07	2	0.14
Management system that is still simple	0.04	1	0.04
Financial bookkeeping that is still simple	0.03	2	0.06
Total Score	1		2.54

The main internal factors in the Good News business, according to the results of the IFE Matrix analysis, are Engage with customers through Instagram and Good product quality orientation with a score of 0.36. Good News' primary area of weakness, receiving a score of 0.14, is Brand names are less widely known to the public. The overall internal factor score of 2.54 indicates that internal conditions at Good News are favorable. Organizations that are weak internally have total weighted scores well below 2.5, whereas organizations that are strong internally have scored significantly above 2.5 [2].

C. IE Matrix

There are three main areas of the IE Matrix, each of which has a different strategic implication. First, grow and build is the prescription for divisions that result in cells I, II, or IV. For these divisions, intensive (market penetration, market development, and product development) or integrative (backward integration, forward integration, and horizontal integration) strategies may be most suitable. Second, hold-and-maintain strategies work best for managing divisions that fall into cells III, V, or VII; product development and market penetration are two such tactics frequently used for managing these kinds of divisions. Third, harvest or divest is a typical treatment for divisions that occur in cells VI, VIII, or IX. Successful companies can build up a portfolio of companies that are located in or close to the cell I of the IE Matrix.



Table 3. IE Matrix

		THE IFE WEIGHTED TOTAL SCORES		
		Strong 3.0 to 4.0	Average 2.0 to 2.99	Weak 1.0 to 1.99
THE EFE TOTAL WEIGHTED SCORES	High 3.0 to 4.0	I	II	III
	Medium 2.0 to 2.99	IV	V Good News	VI
	Low 1.0 to 1.99	VII	VIII	IX

Good News The IFE matrix and EFE matrix respectively have total weighted scores of 2.54 and 2.86. As shown in Table 4, Good News is currently located in quadrant V.

D. Implementation

Businesses may increase salesforce numbers, advertising budgets, elaborate sales promotions, or public relations initiatives to increase market penetration. The author will propose a strategy for customer relations that the company can implement. By creating the AARRR stands for Acquisition (or awareness), Activation, Retention, Revenue, and Referral. And create Key Performance Indicator to guide the implementation and record the progress of implementation. The author chose this strategy because that option does not require a large investment in exchange for the consistency of the company, which will be heavily used. And the second strategy is to research and develop creating a new product. Author create basic needs of customer and financial forecasting for 2023 with 720 pcs product and creating timeline for 2023. In this strategy, the company should spend more investment to implement this strategy.

V. CONCLUSION

The following conclusions can be drawn from the research and development of the Good News business strategy.

1. The Good News was found to have approximately 17 internal factors, with 10 strength elements and 7 weakness elements. Furthermore, the Good News company was identified as having 20 external factors, with 11 opportunity elements and 9 threat elements.
2. The Good News IFE matrix and EFE matrix have total weighted scores of 2.54 and 2.86, respectively. The Hold and Maintain strategy fits the Good News according to the IE Matrix. As a result, using market penetration and product development strategies is appropriate for Good News. Businesses can increase market penetration by customer relations initiatives using AARRR Matrix. The author will propose a customer relations strategy for the company to implement. This strategy was chosen by the author because it does not require a large investment in exchange for the company's consistency, which will be heavily used. The second strategy is to conduct research and develop a new product planning with financial forecast and timeline implementation. The company should spend more money on this strategy.

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