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Sales and Marketing Strategies Duck Nugget Product Using Porter's Five Force and SWOT Analysis

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The population rate in Indonesia is goes up every year and it affects the growth of food industry in Indonesia which is developed gradually every year. Here, a food industry produces various products like cooked food, processed food in a form of frozen food. For frozen food, it has its own target market and the number is bigger than the market of cooked food due to its durable characteristic and cooking friendly. The growth of the frozen food sales in Indonesian market is a business opportunity for PT. BEFINDO FOOD. Therefore, PT. BEFINDO FOOD focuses on frozen food industry by using manufactured duck as its main ingredients it's different by other companies. In this study, we use Porter's Five Forces analysis method and SWOT analysis to investigate any factual information that needs to be taken into consideration, which is related to the frozen food business. The result shows, growth of the frozen food sales in the market is expected to be the business opportunity for PT. BEFINDO FOOD to produce a nugget with manufactured duck as its main ingredients. It aims to reach wider market to offer alternative flavor of nugget product.

Keywords: Frozen food, Duck nugget, Sales marketing.

1. INTRODUCTION

Frozen food business is favorable and prospective in Indonesia. There are many huge manufacturers gained profit from the frozen food industry. It is proved by the number of frozen food businesses growing rapidly strengthen by the sales of their products. However, there are frozen food companies that made a loss such as poor marketing strategy and unimproved service quality. Here, frozen food business in making itself standout of other competitors to determine by a correct marketing strategy and good bond with the consumers like responsive interests and concerned by achieving consumers' satisfaction. The main goal in conducting of frozen food business is depend on every business person who have a role in industry including aware customer happiness also attract a new potential consumer. The happiness customer will be telling to others person about customer experience when using a product or service. In other words, the customers create a community based on "word of mouth".

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The word-of-mouth community is viewed as an effective traditional marketing strategy to increase customer's amount. Furthermore, Frozen food industry manufacturers is realized that they have to come up with new innovation in this competitive business over instant semi cooked food industry become to the major food industry in Indonesia. There are variant products from fast food industry, such as semi cooked food in packaging, e.g. nuggets, sausages, potatoes (wedges and steak fries), and many more. It's only takes few minutes to cook before consumed in any preferred frozen food product. All the packaged is a semi cooked food product and available over every supermarket or groceries. Semi cooked food does not only cooking friendly, but also contains recommended nutritional intake for children and teenagers. These age groups are the main target consumers of instant semi cooked food to supply the nutrition in daily activities. However, duck product as one

of protein source has a familiar Indonesian market such as contains a highest fat and cholesterol amount. Therefore, to encourage the consumers to choose duck as a frozen food, the reducing fat amount and its smell is proposed in the PT. BEFINDO FOOD. In addition, PT. BEFINDO FOOD needs to improve and develop an innovation over food production process (see Figure 1) [1].

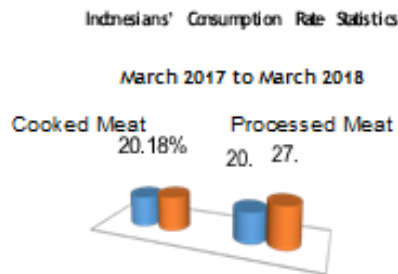


Figure 1. Ratio Indonesian consumption rate from March 2017 to March 2018

PT. BEFINDO FOOD is going to be a pioneer in duck nugget business and aims to produce a reasonable amount of duck nugget to supply Indonesian people in daily food consumption. One of challenges in starting the nugget product business in bigger market is using duck meat ingredients. Accordingly, the value of duck nugget might be still questionable. Here, some consumers might be interested to try a new variant of nugget product over same variant all the time. Nevertheless, the available new product might not tempt enough to make them switch their preference. Duck nugget will be the new competitor in nugget business as the consumers might be interested in trying new product and it is seen as alternative nugget ingredients. Therefore, Duck-Duckan duck nugget is expected to wider the consumers' preferences. Based on statistical data, Indonesia population reaches 4 million a year. This fact is understood to be the prominent contribution of the number of human population. The correlation is a large number of populations in Indonesia can be developing instant food industry. Therefore, food and beverage manufacturers are compete with each other to create new innovation. These days, Indonesian people have dynamic situation so that the industries must be adjust themselves with this condition. It is assumed that the dynamic lifestyle is initiated by the millennial person who loves trying new things, specifically in Indonesia. Accordingly, any food company is expected to be responsive in creating new innovation to win the market, as a similar company is also take part in the food industry. Food and beverage industry, it's one of the centerpieces industries in growth sectors always higher than the national economic growth rate. The chief of The Indonesian Food and Beverage Association (GAPPMI) is very optimistic on probability of the growth of the food and beverage industry in 2019. This expected growth is affected by the

consumption rate in the domestic level [2]. Indonesian Government has cut the income tax final tariff (PPH) for every businessperson who runs the Small and Medium Enterprise (UMKM) from 1% to 0.5% which is based on the Government Regulation (PP) No. 23 in 2018 about Income Tax of the Earned Income Made by the Taxpayer that Contains of Received Gross Income as the replacement of the prior Government Rule No. 46 in 2013. The updated Rule has been made effective since July 1, 2018 over tax reduction is good news for business persons as they would plan to develop their businesses. It's also indicates the there is a real support from the government in order to maintain the business continuity to grow the economic sector in Indonesia. Hence, PT. BEFINDO FOOD create a new innovation by producing nugget with duck meat as its main ingredient as the alternative to other nugget products to enable the duck meat lovers to enjoy our duck nugget, the new variant with the increasing number of meat consumption in domestic level specifically in several regions of Indonesia, indicates that the price is not a crucial matter. As the trend changes gradually, the production process system of frozen food is changing as well. It is related to the means to produce processed duck meat efficiently. The technology also has contribution in development of frozen food business such as a frozen food product of duck meat as its main ingredient. The number of duck meat consumption every year in any region over Indonesia. Accordingly, there is an opportunity for duck nugget business to be prospective in Indonesia. The use of technology such as electronic media is the opportunity to create the strength in the product marketing. PT. BEFINDO FOOD viewed this opportunity to build and develop a promotion media. However, the product is not only promoted using electronic media, but also cooperation with other companies (see Figure 2).

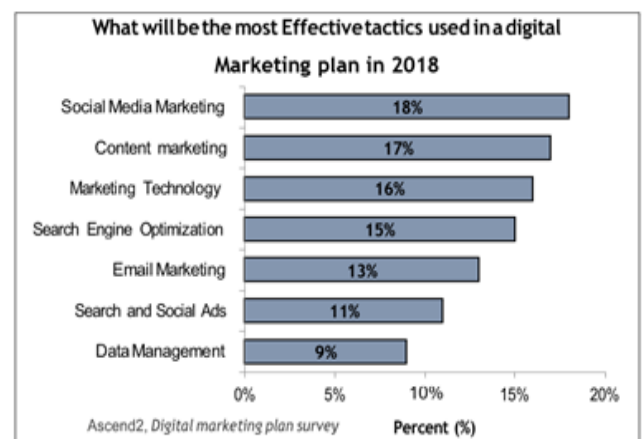


Figure 2. Digital marketing plan graph of 2018

Based on the statistical data of 2018, the most effective marketing plan is the social media marketing. The social media marketing is a best tactic is at 18% on the top list compared with other marketing tactics.

2. METHODOLOGY

The growing of duck meat consumption in Indonesia is viewed as an opportunity to expand the duck nugget frozen food business by PT. BEFINDO FOOD. Therefore, this business requires a strong and professional marketing management in order to achieved bigger market share. The table below describes the assumption of to the extent to which the business competitors have run their nugget business [3].

Table I. Porter's Five Forces analysis of PT. BEFINDO FOOD

Variable	Indicator
Industry Rivalry	
The number of competitors	There are a lot of competitors in similar business, but they produce nuggets with different variant flavors.
Differentiation	The variants of nugget product are limited to chicken nugget, beef, or fish nugget.
Fixed cost	High fixed cost
The indicators of each variable tell us that PT. BEFINDO FOOD is unaffected by the industry rivalry's	
Variable	Indicator
Threat of New Entrants	
Knowledge and experience	Knowledge and experience are required in conducting the research to develop a product.
Takeover cost	The takeover cost that is allocated for production by the new entrants is high.
Capital necessity	A high cost capital is necessary to maintain the business, or, in other words, it needs a large scale financing.
The indicators of each variable tell us that PT. BEFINDO FOOD can be affected by the new entrants.	
Variable	Indicator
Bargaining Power of Suppliers	
Duck meat supplier	There are numbers of domestic duck meat supplier.
Spices and mixed ingredients supplier	There are numbers of spices and raw condiment supplier.
Packaging supplier	The company tends to be highly dependent on the packaging supplier.
Purchasing cost	The purchasing cost depends on the inflation.
The indicators of each variable tell us that PT. BEFINDO FOOD is unaffected by the bargaining power of suppliers.	
Variable	Indicator
Bargaining Power of Buyers	
Product	There is a popular brand that has been a market leader
Purchasing volume	It is known that the purchasing volume is repeated.
Price aspect	The company offers competitive price, or, in other words, lower price than the competitors.
The indicators of each variable tell us that PT. BEFINDO FOOD can be affected by the bargaining power of buyers.	
Variable	Indicator
Threat of Substitute Product	
Substitute product	There is an available substitute product.
The price of the substitute product	The price of the substitute product is higher than our company's.
Substitute market share	There is a specific market share for the substitute product.
The indicators of each variable tell us that PT. BEFINDO FOOD is unaffected by the threats of substitute product.	

The opportunity food industry can be targeted from the competitive strength is the fact that the competitors of similar business do not produce duck meat nugget. Moreover, there is no substitute product that is known in the market that uses duck nugget as its main ingredient. The next step is to carry out the SWOT (Strength, Weakness, Opportunity, and Threat) analysis. This is the input stage that includes basic information about both internal and external factors. Thus, the information can be obtained through the strategy-formulation tool, the internal factor the external factor evaluation (Total IFE 2.8 and Total EFE 2.76). The next step is by applying the Internal-External Matrix. The IFE and EFE scores is categorized into Strong (3.0 - 4.0), Moderate (2.0 - 2.99) and Weak (1.00 - 1.99). The obtained scores show that PT. BEFINDO FOOD in quadrant V. It tells us that the company must be use marketing strategies. The first strategy is to carry *market development*, which is implemented in the expansion of retail shop to reach bigger market share. The next step is to continue *product development*, which is implemented in the production of other variants of duck nugget Duck-Duckan flavor. The analysis and intuition share the foundation to decide which strategy-formulation to be applied. The verification technique in question tells about the feasible alternative strategy. PT. BEFINDO FOOD applies analysis technique to determine the relative power of attraction from the feasible alternative action. This technique is called *Quantitative Strategy Planning Matrix*. After the companies determine which strategy to be applied, then the expected positioning is built by the company is "duck nugget Duck-Duckan is appetizing, finger-licking good and textured, rich in vitamins and minerals, and wrapped in a zipped lock packaging". Furthermore, the company uses perceptual map to find out the company position in the instant frozen food industry. The perceptual map is also useful for the company to build consumers' positive perception about the product. PT. BEFINDO FOOD conveys the product differentiation, appetizing taste, nutritional intake in the product through digital marketing means and public relations conducted in any specific events. The innovation, which is the strength of marketing aspect, will be conducted continuously to build the brand positioning in the customers mind. Duck nugget "Duck-Duckan" it's made of highest quality ingredients and it is processed hygienically. It is also appetizing and nutritious in the product packaging has captivating colors and protected by zipped lock seal. The packaging with zipped lock seal model ensures customers that the product is free from damage and clean. This is a product differentiation that might not considered by other companies that run the similar business. The relation of aforementioned product's added values. The determined career women and housewives will be the target market of duck nugget "Duck-Duckan". A high quality instant frozen food along with its safe packaging would be favored by every career woman and house wife. This perceptual map

is applied to identify to the extent to which the opportunity for PT. BEFINDO FOOD is plenty to increase the sales and to widen the market.

3. RESULT AND DISCUSSION

The analysis result of the competitive profile matrix of the nugget business tells us that PT. BEFINDO FOOD can compete effectively with other brands of similar companies that have been known in public. The reason of that is, the duck nugget by PT. BEFINDO FOOD offers high quality product that is implemented in its zippered lock packaging and attractive logo. In addition, this competitive thrive can be observed through marketing process of the product. PT. BEFINDO FOOD is not only apply direct selling to the customers, but also implements the key drivers in sales marketing strategies that consist of *sales effectiveness, definers, shapers, enlighteners, excitors, and controllers*. The Sales effectiveness drivers determines which system and which program that need to be carried on. The system and the program cover several activities like sales strategy, recruiting, learning and development, culture organization, and customer relationship management. The figure 5 shows depicts the fields covered in Sales effectiveness drivers (see Figure 3).

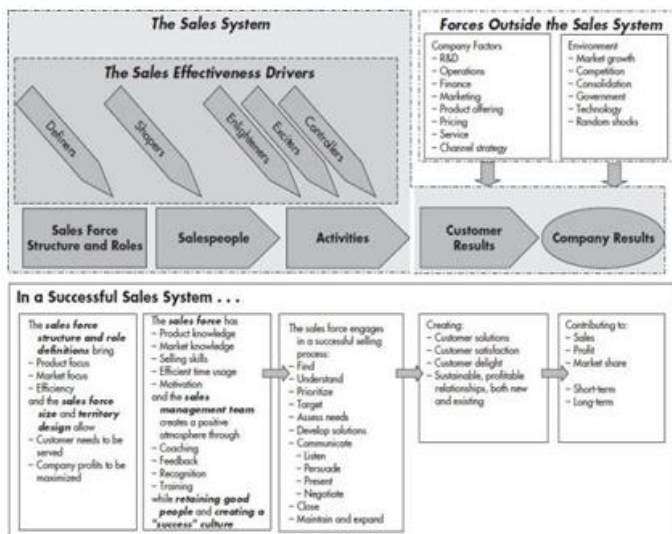


Figure 3. Sales Effectiveness Drivers

PT. BEFINDO FOOD has set a sales strategy plan that is divided into three strategies such as pessimistic sales, normal sales, and optimistic sales. The sales plan also includes the period of time in which any of the three strategies might occur. The period of time here is divided into short term, midterm, and long term. The customer relation management that is built by PT. BEFINDO FOOD aims to create a public relation that will promote the Duck-Duck nugget products by means of sales people who promote the product in car free day events or other promotion activities directly to the future customers. Then, they build mutual relation with the customers through social media as the means of communication [4]. The Definers drivers determines the structure of sales force, defining the role of sales force and the product design with

establishment of structure and sales force role then it can be assumed that these aspects help the company to make a clear decision, so it increase the sales scale to achieved the targeted market share. The sales force focuses on product, market also efficiency. The sales force size and territory design ensures the customers to get the best service, so the company can maximize its profit. The *Shapers drivers* focuses on product knowledge, market knowledge, selling skill, efficient time usage, and motivation. PT. BEFINDO FOOD has a recruitment and training programs that are related to the targeted goals of *shapers drivers*. In addition, the purpose of the programs to introducing the company's values, shaping the attitude, and providing the coaching of required skills to the sales people. Therefore, the sales strategy will be the winner in terms of the sales people's skill. Their skills are also important generating the values and additional expertise between the sales team members. Therefore their job in sales will be more effective. The *Enlighteners driver's* focuses on process and system provided to the sales people to compete for customers. This driver allows the sales people to observe and learn the market, prioritizing the opportunity first, finding solutions to problems faced by customers, also using their time wisely and effectively. This description is related to the customer relationship management. Usually, these activities are supported by any information technology system in order to accelerate the information processing, either the information about sales or any information related to the customers [5]. The *Excitors drivers* are related to the leadership style. A leader should come with new innovation to be introduced to the members, and a leader should be able to motivate their team members to encourage the sales people to achieve their targets. The relation of programs is organized by PT. BEFINDO FOOD focus on encouraging the sales people to put their utmost effort. For examples, the company provides them incentive, bonus, and introducing the leadership culture to the sales people. The *Controllers drivers* ensure the system that has been set up is on the track. It aims to control the sales force in PT. BEFINDO FOOD. Such mechanism is required to control the sales and sales strategy to aim the right market and achieve the company's goals. *Sales* are defined as an integrated activity in the development of any strategic plans that is aimed for the real action in fulfilling the customers' necessities and satisfaction. Thus, the target of sales is the transaction that results in profit for the company. *Sales activities* are a mandatory activity run by a company. The purpose of this activity is to attract customers to buy a product made by the company. In addition, the company will ease the customers to reach the products. Take for example the company use the social activities event as the place to promote their products, such as car-free-day event that is held every Sunday in Jakarta main roads. The promotion activities may include the cooking demo in specific period of time during the car-free-day. The decision to run the promotion in the car-free-day is believed to be effective, as the team of PT. BEFINDO FOOD has observed the situation during the public

activity around Bundaran Hotel Indonesia in Jakarta. PT. BEFINDO FOOD also uses advertisement wrap on the company car, which travels around Jakarta, Bogor, Tangerang, and Depok regularly to promote the duck nugget. It is considered as faster way to sell the product directly to the customers [6].

4. CONCLUSIONS

PT. BEFINDO FOOD offers the benefit for its segmented customers. The added values depict the advantage of the product that is promoted by the company. First, the production results in an innovative product, which using duck nugget as the main ingredients. The taste of the duck meat nugget is appetizing, finger licking good and textured. Product packaging is protected by zipped lock system. Product contains of minerals and vitamins, including vitamin B12 and vitamin B6 to produce energy inside the human body. The probability to penetrate the market is the basis to run a nugget business. In addition, the marketing strategy of PT. BEFINDO FOOD includes the cooperation with other major companies, the interaction with every distribution channels and the interaction with the customers. These activities are aimed to improve the sales marketing of PT. BEFINDO FOOD. The company is not only sell the products to the other companies or the customers directly, but also maintain its product quality and create new innovations in developing the product. All the activities related to the sales and marketing are the implementation of PT. BEFINDO FOOD's strategies.

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