

## **Competitive Strategy Analysis on Ivanova Printography by Foto 2000 Semarang**

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### **Abstract**

This study aims to identify competitive strategies of Ivanova Printography using SWOT analysis and IE matrix. The data were gathered from the owner, competitors, consumers, and employees. Descriptive qualitative was to interpret the results of the SWOT analysis. The results show that the most important thing is that Ivanova Printography should focus on its strengths, minimize the existing weaknesses and threats, and fill the opportunities available. The best combination is to apply the SO strategy (a combination of Strength and Opportunity). It includes conducting market development (Market Development Strategy) by opening a branch in the area of Semarang, adding new customers by developing markets outside Semarang, adding marketing staff and customer service to deal with customer orders in Semarang that have been increasing and routine, increasing promotions of photo products to increase revenue by conducting more intense promotions through social media such as Twitter, Instagram, BBM, and Whatsapp. The theme of advertisements should be more elegant and focuses on target customers or market segments. The IE matrix results in quadrant I, Grow and Build. The suitable strategies are intensive or integration. The intensive and integration strategy fit for photography industry is to apply market development strategy by expanding market share outside Semarang so that more people recognize Ivanova Printography.

**Keywords:** business development strategy, IE matrix, SWOT

### **INTRODUCTION**

Competition has been increasing in the era of globalization and every business must have strategy to survive. Strategy is a comprehensive approach that relates to idea implementation, planning, and activity execution in a particular of time. The core of strategy is perception. Company's advantage can actually be the competitive advantage. Company needs correct and competitive strategy for being able to sustain the business and winning the competition. Company must be more selective in finding, developing, and implementing business strategy so it fits with the company's position and competitors' conditions (Hakim, 2006).

Strategy is vital in determining the success of a company in such a very competitive market. The facts indicate that the competition has been continuously increasing. Thus, company must implement best strategy for not beaten by the competitors. Best strategy for a company depends on the ability of the company to execute it. This depends on resources owned by the company, quality of products it sold, competitive position of the company, and conditions of the competitors. Strategic planning relates to the company's goals and position in current and future competition.

Photo book is a book containing photos that relate each other. The relationship can create one or some themes. Themes usually used to create a photo book are varied, such as wedding, graduation, baby born, birthday, pre-wedding, commercial advertisement, and death.

Album is a type of photo book people abandoned it due to its weaknesses. The method used to print photos on the album is an old method applied since 1928 by Albert Renger-Patzsch who launched the photo album of *De Welt ist Schon*. Pictures were taken from the negative film that is very sensitive to light. This negative film is washed and is printed in a studio and the pictures are put one by one to the album. Due to it is complex and expensive to make a photo album, many people switch to digital photo book.

This research focuses on competitive strategy of Ivanova Printography By Foto 2000 located in Jalan Mt.Haryono no 807-809, Semarang. It is owned by Ivana Novita and was established on 26 May 2012. Ivanova Printography By Foto 2000 is the first business having photo book printing machine in Semarang. It produces photo book or storybook including their box packaging. Ivanova Printography By Foto 2000 also produces wall arts, brochures, invitations, menu books and food packaging. Consumers of Ivanova Printography are mainly photographers amounted of 80% and 20% is end users. It can produce a standard album in three days and a customized one (special order) in seven days. It gives photographers and resellers

special price and period payment. It uses Konika Minolta for its printing machines. Ivanova Printography employs 15 people.

Ivanova Printography targets upper middle class. It uses differentiation strategy in which it produces product or service that is different from that of other companies. In other words, product or service produced must have an identity. The identity can be attributes attached on the product or service from which the customers can recognize it. Differentiation strategy focuses mainly on customer recognition directed to customer loyalty to the product or service of the company.

This research focuses on analysis of competitive strategy of Ivanova Printography by Foto 2000. The research problem is accordingly to understand how competitive strategy of Ivanova Printography using SWOT approach and IE matrix.

The research aims to identify competitive strategy of Ivanova Printography By Foto 2000 using SWOT and IE matrix.

## **LITERATURE REVIEW**

According to David (2009), strategic management is about how to get and maintain competitive advantages. The term of competitive advantage refers to everything that a company can do it better than the competitors can. It also refers to a condition when company can do thing that the competitor really wants to do it. This represents a competitive advantage.

Strategy is medium for achieving long-term goals. Business strategy covers geographical expansion, diversification, acquisition, product development, market penetration, disinvestment, liquidation, and joint venture (David, 2009).

According to Porter (2001), strategy of a company to compete in an industry can be different in their ways. Based on this understanding, there is similarity that refers to one thing, i.e. tool that can be used continuously for long term and can influence the operational of the

company. Thus, strategy is long term planning on company's activities using all resources intended to achieve company's goals.

Previously competitive strategy was based on structural characteristics, such as market power, scale economies, or product line. Currently, it focuses on delivering superior value consistently to the customers. To enable this, competitive advantage should not only be functional but also depend on the ability of the company to change radically. There are four basic resources needed to achieve sustainable competitive advantage: (Javalgi, et. al. 2005: 4)

1. Value added. Value added owned by the company can leverage company's competitive advantage.
2. Uniqueness against the existing and potential competitors. If company has a unique thing, it will increase competitive advantage against the competitors.
3. Inimitable perfectly. Company having product that is inimitable perfectly by the competitors will have value added to gain competitive advantage.
4. No strategy replaces the resources. If there is no strategy that can replace the resources, then the company will gain its competitive advantage.

Kilroy (1999) stated that company can create customer welfare through the competitive advantage it has by creating creativity and innovation. To create higher value for customers, the company can identifies, evaluates, and invests higher value strategy. For doing this, it needs to be creative and innovative (Kilroy, 199: 371).

A company or unit business that can see them in the top position in the market will usually be one of the top ones. Their position in the product life cycle helps them in the process of making decision on investing, sustaining, contracting, or even withdrawing from the industry, Classification of competitive position based on industrial behavior are as follows: (Kotler, 2010)

### 1. Market leader

A market leader is a company having the biggest market share in the relevant product market. The advantages of this company against the others are price change, new product introduction, distribution channel coverage, and intensification of promotion. Others may admire or may not admire it but they surely admit its dominance. This company becomes the orientation of the competitors. It is challenged, imitated, and avoided. A dominant company will always be the number one. Such attitude directs it to find ways to increase demands and defends or attacks well as well as tries to increase market share even though the external market condition remains unchanged.

### 2. Market challenger

Companies in the second, third or lower position in the industry are the “runner up” or “trailing team.” These companies can choose one of the two actions. They can attack the market leader and other competitors using aggressive actions in gaining market share. These companies are the “market challenger.” The second one is they can just be receptive toward the market and they are the market follower.

### 3. Market follower

Not every runner up is ready to challenge the market leader. For them, efforts to steal market leader’s consumers are not simple. If they cut the price, provide better services, or add product performance, the market leader will restore them quickly due to its tenacity. Such competition worsens condition of both companies. Thus, the challenger must think twice to attack the market leader and accept market condition in relation to their product.

### 4. Market niche

In every industry, there are always small companies focusing on small part of the market and avoid friction with bigger companies. These small companies serve effectively the niche market by specializing to things disregarded by big companies. Such strategy is called

market niches. Bigger companies are also interested in serving niche markets in particular industry. They try to enter into one or more niche market that is safe and beneficial.

SWOT Analysis (Strength, Weakness, Opportunity, and Threat) is a strategic planning method that is used to evaluate strengths, weaknesses, opportunities, and threats in a project or business speculation. The process includes determining specific objectives of the project or business speculation and identifying internal and external factors that support or hinder the objectives achievement.

According to Rangkuti (2003), SWOT is identification of factors systematically to formulate service strategy. Analysis is based on the logic to maximize opportunity and at the same time to minimize weaknesses and threats.

Strength is the internal condition that supports an organization in achieving its objectives. The supportive factors include resources, skills, other advantages gained from financial source, image, market advantages, and good relationship with buyers and suppliers.

Weakness is the internal condition that impedes an organization in achieving its objectives. The impeding factors can be lack of facilities, lack of financial sources, management ability, marketing skills, and company image.

Opportunity is the external condition supporting organization in achieving its objectives. The external factor supporting in achieving the objectives can be changes in government policy, competition, technology, and supplier and development in buyer relationship.

Threat is the external condition impeding an organization to achieve its objectives. External factors that hinder company can be new entrance, slow growth market, higher bargaining power of supplier and buyer, technology change, and new policy.

According to Jatmiko (2003:30), external environment cover the following aspects

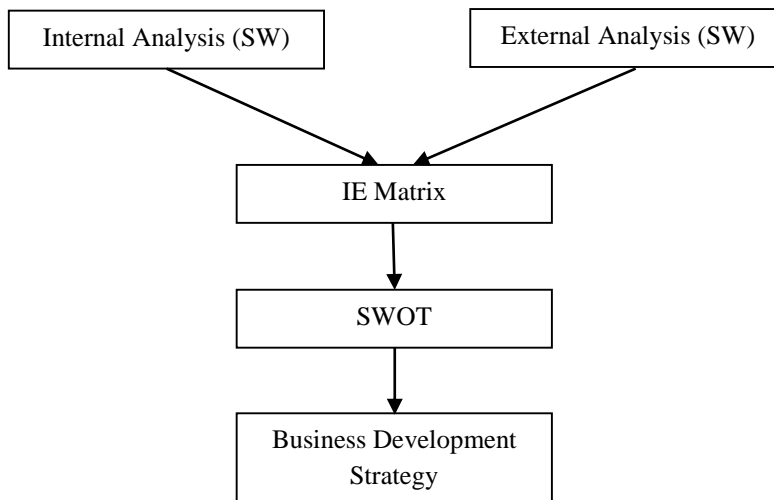
- a. Demographic that covers geographic environmental condition, age, income, etc.
- b. Economic that includes macro economy conditions such as inflation, interest rate, etc.

- c. Politic and Law that cover government policy, taxation, etc.
- d. Social and Culture that cover taste and life style of the society.
- e. Technology that covers technological change.

Internal environment aspects are:

- a. Organization, covers mission, goals, and objectives; facilities and technology owned by the company; system and work procedure.
- b. Functional management includes production, marketing, finance, personnel-human resource management.

The research framework is as follows:



**METHODS**

**Population and Sample**

Population is all objects researched (Sugiyono, 2010). The population of this research is the owner of Ivanova Printography, consumers, employees, and competitors. The sample includes the owner of Ivanova Printography, 10 consumers, 8 employees, and 2 competitors.

**Data Analysis Method**

Data analysis method used in this research is as follows:

1. Identify strategic internal factors (Internal Factors) that is Strength and Weakness.
2. Identify strategic external factors (External Factors) that is Opportunity and Threat.

3. Determine Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) with the following steps:

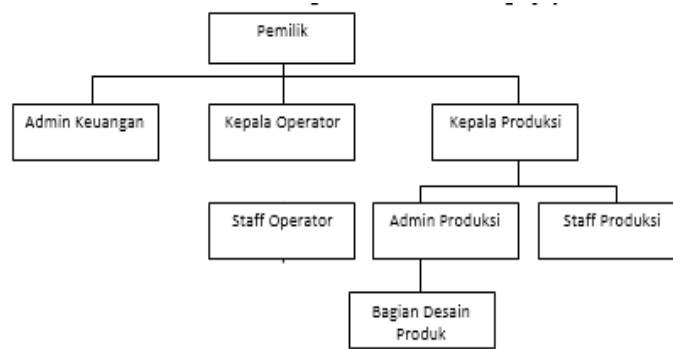
- a) Identify factors that are the strengths and weaknesses of the company (IFAS) and factors that are threats and opportunities (EFAS).
- b) Determine weight of each variable according to percentage of effect of a variable to the success of the company. The total amount of weight for IFAS and EFAS is 100% or 1.0.
- c) Determine rating indicating response of the company's strategy implemented toward the variable. The rating scale comprises:
  - 5 = very strong response (outstanding)
  - 4 = strong response (above average)
  - 3 = average response (average)
  - 2 = less strong response (below average)
  - 1 = weak response (poor)

## **RESULTS**

### **Company's Profile**

Ivanova Printography By Foto 2000 located in Jalan Mt.Haryono no 807-809, Semarang was established on 26 Mei 2012 by Ivana Novita. Its business is photo book. Ivanova Printography By Foto 2000 produces photo book or story book packed in a box. It also produces wall art, brochure, invitation, menu book, and food packaging. The consumers include 80% photographers and 20% end users. It uses printing machine of Konika Minolta. The number of employees is 15 people and its organization structure is as below.





**The Respondents' Profile**

The owner is a female, married, and aged between 20-30 years old. The consumer respondents comprise of 60% male and 40% female. Majority of them have been married (80%) and only 20% have not married yet. Half of them (50%) were aged between 31-40 years old. The employee respondents comprise male and female respectively 50%. Majority of the employees has married, was aged 31-40 years old. The competitor respondents comprise of 1 female and 1 male who have been married and were aged between 31-50 years old.

**Results and Discussion**

The owner's response on the internal environment or SW (Strength and Weakness) was on average 4 that is categorized as agree. In other words, the owner perceived that quality of the product sold by Ivanova Printography was high, as demanded by the customer, printing machines were complete, had its own photographer agent, had specialized retail store, and set price according to budget of the customer.

Table 1. IFAS

	Weight based on level of importance	Rating (Owner)	Score
<b>STRENGTH</b>			
Quality of Ivanova Photography is high	0.10	4	0.4
The result is according to customer demand	0.10	4	0.4
Ivanova Photography's printing machines are complete	0.05	4	0.2
Ivanova Photography has its own photographer agency	0.05	4	0.2
Ivanova Photography has special retail store	0.1	4	0.4
Ivanova Photography set price according to customer budget	0.05	4	0.2
<b>WEAKNESS</b>			
It takes more time to deal with a customer because the product is customized and there are many materials selection	0.10	4	0.4
The work depends on the employees	0.10	4	0.4
There is no staff for marketing and customer service	0.10	4	0.4
There is no fixed price because of customized product	0.05	4	0.2
Waste is considerably high due to replacement of the defects for quality control	0.05	4	0.2
It is difficult to control stock	0.05	4	0.2
Price changes depending on US dollar and Euro	0.10	4	0.4
Total	1.00		.0

Source: primary data

The owner's response on the external environment comprising opportunity and threat (OT) was 4.25 on average and was categorized as strongly agree. This means the owner agreed that the demand is still potential because customers of Ivanova Printography had potency, marketing area was wide in which orders from Semarang had been increasing and were routine, competition in this business was so high that not all consumers were not back to Ivanova Printography. The agreement of the response also means that the opportunity and the threat were sufficient and the threats must be overcome.

The competitors' response on threat was on average 5 and was categorized as strongly agree. This means that the competitor perceived competition in this business was high that made consumers did not always print at Ivanova Printography. This also means that the threats must be overcome and faced in the future.

Table 2. EFAS

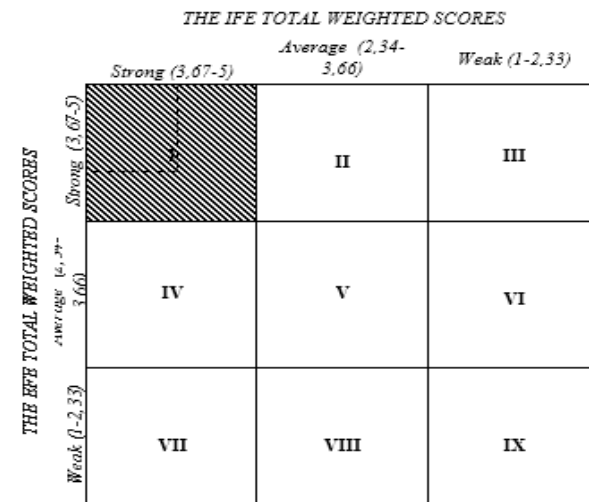
	Weight based on level of importance	Rating (Owner)	Score
OPPORTUNITY			
Customers have potency to increase Ivanova Photography	0.25	5	1.25
Marketing area is wide, orders from Semarang increases and routine	0.25	4	1.00
THREAT			
There are many competitors in this business	0.50	4	2.00
Total	1.00		4.25

Source: primary data

IE matrix composed from IFAS and EFAS matrixes resulted in the position of Ivanova Printography in quadrant I termed as grow and build. Thus, the suitable strategy is intensive or integration. Intensive strategy means that the company must do efforts intensively to increase competitive position through the existing product:

1. Market Development Strategy
2. Product Development Strategy
3. Market Penetration Strategy

For integration strategy, the company must do surveillance to suppliers and/or competitors through for example merger, acquisition, or building new company.



## SWOT Analysis

Ivanova Printography should implement strategy SO (a combination Strength and Opportunity), as follows:

### 1. Implement Market Development Strategy:

- a) Open a branch in the area of Semarang.
- b) Add new consumers by expanding market outside Semarang for example by giving bonus or discount in order to get more prospects as the reward. The higher bonus can possibly attract more clients to come. This principle is typical in the business. Some times company should pay costs in terms of monetary or efforts for gaining possibility to be successful.
- c) Add sales force to serve customers in Semarang that have been increasing and routine. The sales force should fit the criteria set by the company and must be better than those of the competitors.
- d) Expand its segment that is upper middle class using promotion in social media and website. This can be conducted by asking people to give their comments for a prize and to share it with friends.

Table 3. SWOT Analysis

<b>SWOT Analysis</b>	<p style="text-align: center;"><b><u>STRENGTH</u></b></p> <ol style="list-style-type: none"> <li>1. Quality of Ivanova Photography is high</li> <li>2. The result is according to customer demand</li> <li>3. Ivanova Photography's printing machines are complete</li> <li>4. Ivanova Photography has its own photographer agency</li> <li>5. Ivanova Photography has special retail store</li> <li>6. Ivanova Photography set price according to customer budget</li> </ol>	<p style="text-align: center;"><b><u>WEAKNESS</u></b></p> <ol style="list-style-type: none"> <li>1. It takes more time to deal with a customer because the product is customized and there are many materials selection</li> <li>2. The work depends on the employees</li> <li>3. There is no staff for marketing and customer service</li> <li>4. There is no fixed price because of customized product</li> <li>5. Waste is considerably high due to replacement of the defects for quality control</li> <li>6. It is difficult to control stock</li> <li>7. Price changes depending on US dollar and Euro</li> </ol>
<p style="text-align: center;"><b><u>OPPORTUNITY</u></b></p> <ol style="list-style-type: none"> <li>1. Customers have potency to increase Ivanova Photography</li> <li>2. Marketing area is wide, orders from Semarang increases and routine</li> </ol>	<p style="text-align: center;"><b><u>SO STRATEGY</u></b></p> <ol style="list-style-type: none"> <li>1. Expand market through Market Development Strategy by opening new branch in Semarang (S1, S2, S3, S4, O1, O2)</li> <li>2. Increase service for consumers as demanded (S4, O2)</li> <li>3. Give discount for big amount of order (S6, O2)</li> <li>4. Increase product quality (O1, S1)</li> </ol>	<p style="text-align: center;"><b><u>WO STRATEGY</u></b></p> <ol style="list-style-type: none"> <li>1. Add customers by adding marketing staff and determining price (W1, W2, W3, O1, O2)</li> <li>2. Add marketing staff for bettering marketing activities (W3, W6, W5, O2)</li> <li>3. Set price to increase sales (W4, W7, O3)</li> </ol>
<p style="text-align: center;"><b><u>THREAT</u></b></p> <p>There are many competitors in this business</p>	<p style="text-align: center;"><b><u>ST STRATEGY</u></b></p> <ol style="list-style-type: none"> <li>1. Overcome competition by giving good service and quality</li> </ol>	<p style="text-align: center;"><b><u>WT STRATEGY</u></b></p> <ol style="list-style-type: none"> <li>4. Provide customer service to deal with price competition (W1, T1)</li> <li>5. Do more aggressive promotion through social media such as Twitter, Instagram, BBM, and Whatsapp (W1, T1)</li> </ol>

**CONCLUSION**

The conclusion based on the analysis and discussion above are as follows:

1. The most important result from SWOT analysis is to focus on the strengths of Ivanova Printography By Foto 2000, minimize the weaknesses and threats, and fill the opportunity available. The best combination is SO strategy (a combination Strength and Opportunity). Here, Ivanova Printography should expand market (Market Development Strategy) by opening a branch in the area of Semarang, add new consumers by expanding market outside Semarang, add sales force and customer service to serve the orders from customers in Semarang that have been increasing and routine, add promotion of product to increase income of Ivanova Printography By Foto 2000 through intensive promotion using social

media such as Twitter, Instagram, BBM, and Whatsapp. The theme for advertisements must be elegant and target the right consumers.

2. IE matrix indicates that Ivanova Printography was in quadrant I, Grow and Build. The suitable strategy was thus intensive or integration. Intensive and integration strategy fit for photography industry is market development strategy by expanding market share outside Semarang so that Ivanova Printography can be more recognized.

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