

## PEDESIGNING BUSINESS STRATEGY FOR UNGGAS DISTRIBUTOR IN MARKET EXPANSION EFFORTS

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Article Info	ABSTRACT
<p><b>Article history:</b> Received Sep 12, 2024 Revised Sep 30, 2024 Accepted Oct 18, 2024</p> <p><b>Keywords:</b> Strategy Development, Marketing, QSPM Method</p>	<p><b>General Background:</b> The poultry industry plays a vital role in meeting the demand for essential food ingredients, particularly chicken meat, which is a staple protein source. <b>Specific Background:</b> However, a decline in sales revenue and market instability faced by poultry supplier companies necessitates strategic solutions to address these challenges. <b>Knowledge Gap:</b> Despite the availability of business strategies, limited research focuses on targeted approaches for optimizing market expansion in poultry distribution. <b>Aims:</b> This study aims to design a business strategy for a poultry supplier company to enhance its sales performance, specifically in chicken meat distribution, through the application of the Quantitative Strategic Planning Matrix (QSPM) method. <b>Methods:</b> Utilizing a qualitative phenomenological approach, this research was conducted from February to June 2024, involving four informants. Data were collected through interviews and observations, with source triangulation employed to ensure validity. <b>Results:</b> The SWOT analysis revealed that the company is positioned in Quadrant II, signifying the need to address weaknesses to leverage opportunities. Strategies identified include market penetration and market development to secure and expand into new markets. The study prioritizes market penetration through the expansion of chicken meat distribution across Surabaya, supported by technology-driven promotional efforts such as product marketing and content creation. <b>Novelty:</b> This research offers a tailored approach by integrating strategic planning with technological applications to address market-specific challenges. <b>Implications:</b> The findings provide actionable insights for poultry suppliers, highlighting the importance of technological utilization and strategic market expansion to achieve sustainable growth and improve competitiveness in the food supply industry.</p> <p style="text-align: right;">This is an open-access article under the <a href="https://creativecommons.org/licenses/by/4.0/">CC-BY 4.0</a> license.</p> 

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DOI: <https://doi.org/10.61796/ijeirc.v1i12.284>

## INTRODUCTION

The Food Industry is one of the rapidly growing sectors in Indonesia. Quoting data from the Central Statistics Agency (BPS) released in June 2022, there were 11,223 culinary businesses spread across Indonesia in 2020. As many as 8,042 businesses (71.65%) are in the form of restaurants or eateries, 269 businesses (2.4%) are catering services, and the remaining 2,912 businesses (25.95%) fall into other categories. With the above data, more than 11,000 food businesses certainly use poultry as a base ingredient in the menus served by food entrepreneurs, considering that poultry, specifically broiler chicken, is the cheapest source of animal protein compared to animal protein from beef or goat. Based on data from the Central Statistics Agency (BPS), in 2021, the average chicken meat consumption in Indonesia reached 0.14 kilograms (kg) per capita per week. This figure increased by 7.69% compared to 2020, setting a record high in the last decade as shown in the graph below.

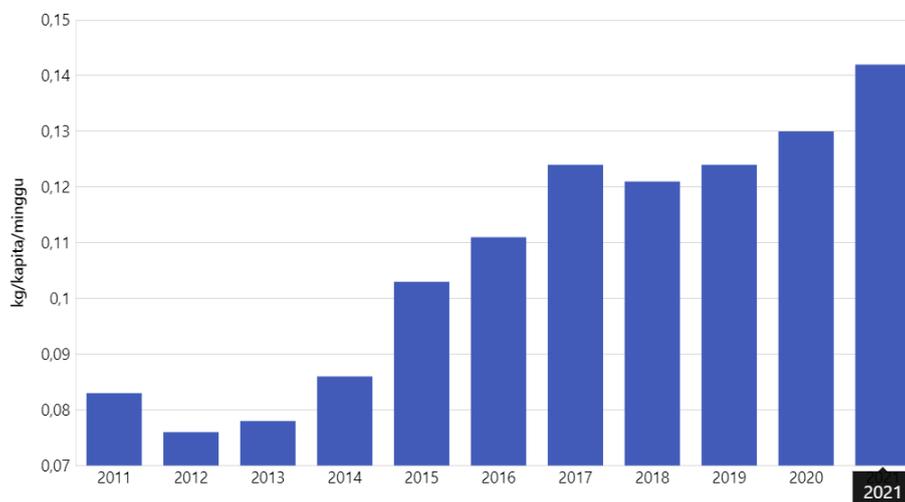


Figure 1.1. Chicken Meat Consumption Graph

Source: Central Statistics Agency 2021

Through the data above, a company named Supplier Unggas is present to be part of the process of fulfilling customer needs in terms of supplying chicken meat to meet the ever-increasing market demand year after year. However, this does not correspond with the revenue obtained by this chicken meat distributor. In the era of rapid business competition across various sectors, all business actors, from the UMKM level to the corporate level, need to organize and establish the right business strategies to achieve their desired market targets. With the implementation of the right strategy, the company has a very high hope for the successful execution of that business strategy, so that the processes and steps set by the company can be achieved effectively and efficiently. With the business strategy, it is also expected to meet the company's expectation to capture at least 10% of the chicken/poultry meat consumers.

In its implementation, the Poultry Supplier Company needs to establish strategic management in order to achieve the desired goals and expand the distribution and spread of products from the Poultry Supplier Company. This is supported by theoretical studies. According to David (2006:5), strategic management is the art and science used to formulate, implement, and evaluate cross-functional decisions that enable an organization to achieve its objectives. Awareness of strategic management necessitates an understanding of changes in the company's management system, where external factors become the main considerations for threats and opportunities for the company, as these external factors are beyond the company's control [2].

To be able to implement strategic management effectively, the company needs to know what problems it wants to solve so that the established strategic management can succeed. The poultry supplier is currently a chicken distributor company that started operations in April 2023, but the bookkeeping, recording, and financial reporting from the distributor began in June 2023. However, this distributor is facing a problem in the form of a gradual decline in sales from August to November, which will become a threat to the company if improvements and corrections in business strategy are not made, potentially leading to the company's downfall. As an illustration, it can be seen in the following graph and table.

Table 1.1. Gross Income of Supplier Unggas 2023

Omset	June	July	August	September	October	November
The revenue obtained	Rp 5.260.000	Rp 27.314.842	Rp 27.492.952	Rp 21.926.532	Rp 18.564.042	Rp 16.700.512

Source: Processed Data (2023)

From Table 1.1 Gross Income above, it shows that the monthly sales of poultry suppliers in 2023 have not been stable and tend to decline in the last few months. Poultry suppliers need to prepare the right business strategies so that sales do not continue to decline. The continuous decline in sales has become an urgency in this research, so it is hoped that when this research is completed, the company will know how to design and formulate business strategies, enabling the company to compete in the existing market. According to Kotler and Keller (2009:307), a company must observe the shift from an increasing growth rate to a decreasing growth rate in order to prepare a new strategy. One of the causes of the decline in sales turnover is due to the limited customer data held by this poultry distributor, while on the other hand, there is significant competition in the chicken distribution business, and service and price are very sensitive matters [4].

With the various problems that have been faced and the goals that the company wants to achieve, this research will discuss the design of appropriate strategic management in the chicken distributor business named Supplier Unggas. The Supplier Unggas company is engaged in the distribution of broiler chickens and has a vision to

reach the entire market in Surabaya. On the other hand, competition in the processed food distributor business is now very high, not only competing with other distributors but also with direct sales to end users and even potential competition with suppliers. Therefore, it is necessary for poultry suppliers to participate in implementing strategic management to determine the right business strategy so that this business can remain competitive and continue to grow even larger.

## **Literature Review**

### **Management**

Management is both a science and an art of making others willing and ready to work towards achieving the goals that have been jointly formulated. Therefore, management requires basic concepts of knowledge, the ability to analyze situations, conditions, existing human resources, and to think of the right ways to carry out interrelated activities to achieve the goals.

Winda Sari (2012), In essence, human activities in general are about managing; to manage, a certain art is required, how others need work to achieve common goals [12]. According to Malayu (2012;38), the functions of management can be divided into four parts, namely planning, organizing, actuating, and controlling [5]. The definition of management is a series of processes that include planning, organizing, executing, supervising, evaluating, and controlling activities in order to empower all organizational/company resources, whether human resource capital, financial capital, material (land, natural resources or raw materials), or technology, optimally to achieve the organization's/company's goals.

### **Business strategy**

Strategy is a unified, broad, and integrated plan that connects the company's strategic advantages with environmental challenges, designed to ensure that the company's main objectives can be achieved through proper implementation by the organization. (David, 2004). Business strategy can include geographical expansion, product development, market penetration, employee rationalization, divestiture, and liquidity [2].

According to Porter (2008), strategy is about positioning the company to be something unique and valuable by making decisions about what to pursue and what not to pursue, and then aligning all of the company's activities accordingly [5].

In this research, the focus is on marketing strategies for businesses engaged in chicken distribution. To develop a business strategy for chicken distribution, entrepreneurs must first define the appropriate type of strategy and establish product positioning in the consumer market.

Analysis and selection of business strategies to build sustainable competitive advantages are necessary for the company to compete by continuously evaluating every company activity resulting from the establishment of business strategies related to the company's values and advantages. As stated by Nilasari (2014:91), doing something different is necessary for companies to make their relative position superior to their

competitors. With the commitment and activities decided by the company to achieve the goal of continuously providing added value to customers. Therefore, the business strategy emphasizes the value of a product or service owned by the company to gain an advantage not possessed by competitors.

### **SWOT Analysis**

The theoretical method used to support the analysis of the problem employs the SWOT analysis method. SWOT analysis is an analysis of the strengths, weaknesses, opportunities, and threats faced by the company. Every company is required to identify its strengths and weaknesses along with its external situation, namely opportunities and threats.

According to Pearce and Robinson (2011:156), a good fit will maximize the company's strengths and opportunities while minimizing its weaknesses and threats. If this analysis is accurately applied to a company, it will have a positive and profound impact on successful design and strategy. SWOT analysis must be conducted by company leaders and top management levels, involving the company's founders. This is done so that the SWOT analysis can be effective.

a. **Strength**

Strength is a positive aspect possessed by a company, in this case, it refers to the resources or capabilities controlled or available to the company that can make it superior compared to its competitors in meeting the needs of the consumers they serve. These strengths can include assets, employees or human resources, capital, technology, patents, knowledge, networks, strategic locations, and a good reputation.

b. **Weakness**

Weakness is a negative aspect possessed by a company, in this case, it refers to the limitations or deficiencies in resources or capabilities controlled or available to the company that can hinder its ability to compete with its competitors in meeting the needs of the consumers they serve. These weaknesses can include a lack of assets, low quality of employees or human resources, limited capital, technological lag, absence of patents, lack of knowledge, weak networks, less strategic locations, and poor reputation.

c. **Opportunities**

Opportunities that fall under the category of opportunities for a company include previously overlooked market segments, changes in competitive conditions, government regulations, technological changes, and improved relationships with buyers or suppliers, which can all present opportunities for the company.

d. **Threats**

Threats are the main unfavorable situations in a company's environment. This means that threats are the main obstacles for a company to achieve its desired or top position. The achievement of targets or plans that have been set will not be

realized if the existing threats cannot be overcome or controlled, which can lead to losses or even the cessation of the company's operational activities. Among the threats included are the entry of new competitors, slow market growth, technological changes, increased bargaining power of major buyers or suppliers, and the revision or renewal of laws or regulations related to business management.

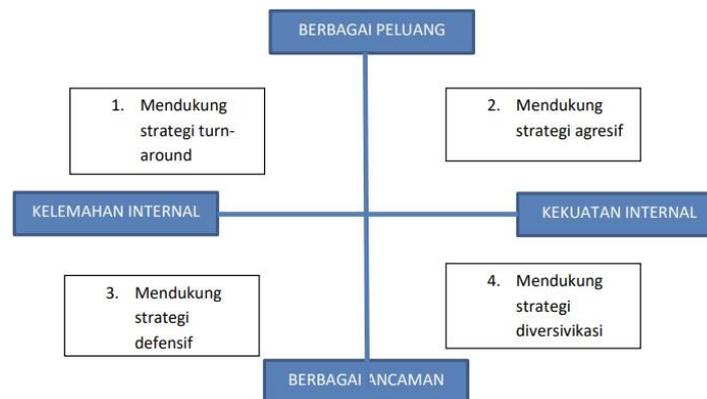


Figure 2.1. Internal External Analysis Diagram  
Source: Processed Data (2023)

The diagram above shows a 4-quadrant diagram that separates internal and external factors. Here is the explanation for each quadrant.

Quadrant 1: is a very favorable situation. The company has opportunities and strengths, allowing it to take advantage of the existing opportunities. The strategy that should be implemented in this condition is to support an aggressive growth policy.

Quadrant 2: Although facing various threats, this company still has internal strengths. The strategy that must be implemented is to use strengths to seize long-term opportunities through a diversification strategy (product/market).

Quadrant 3: The company faces a very large market opportunity, but on the other hand, it faces several internal constraints or weaknesses. The business condition in quadrant 3 is similar to the Question Mark in the BCG Matrix. The focus of the company's strategy is to minimize internal problems so that it can seize better market opportunities. For example, Apple uses a strategy of reviewing the technology used by offering new products in the microcomputer industry to its consumers.

Quadrant 4: This quadrant represents a very unfavorable situation, where the company faces various threats and internal weaknesses that must be addressed immediately with the best solutions.

**METHODS**

This research uses a qualitative method with a quasi-qualitative (post-positivistic) design based on theory and literature to maintain the focus of the research, with a case study approach to understand specific processes, situations, or social conditions. The strategy begins with internal and external audits to determine the company's position, followed by a SWOT analysis to identify strengths, weaknesses, opportunities, and threats, and culminates in formulating and testing the recommended business strategy. The research locations are Taman Pondok Indah Wiyung, Surabaya, and Desa Mboro, Gresik, from February to April 2024. The purposive sampling technique was used to select internal informants (sales managers) and external informants (consumers and competitors), based on relevant criteria to obtain valid and comprehensive data related to the business strategy of the chicken meat distributor.

Table 4. 1. Informant Profile

No.	Initials Name	Explanation	Reason	Code
1.	DL	Consumer	Consumers with the highest turnover and the most regular frequency	DL26032024
2.	BP	Consumer	Consumers with the lowest turnover	BPXX032024
3.	ES	Owner of a poultry distribution business	As a business owner in the same field, it is expected to have an understanding of the marketing strategy of UD. Dezan, which is a competitor of Supplier Unggas.	ESXX032024
4.	JK	Marketing Manager Poultry Supplier	As a marketing manager, having an understanding of the marketing strategies of Supplier Unggas	JKXX032024

Source: Data processed by the researcher (2024)

The following is an example of reading code (coding):

Table 4.2 How to Read Code

DL	30	03	2024
Initials of the informant's name	Date of the interview conducted	The interview was conducted last month.	Year of the interview conducted

Source: Data processed by the researcher (2024)

This research uses various data collection methods, including interviews, observations, documentation, and references to obtain comprehensive information. Interviews were conducted in a structured manner with five informants, namely two

consumers, one competitor, one supplier, and two poultry business experts. Observation was conducted through direct observation of competitor activities and the use of social media such as Instagram and TikTok. Documentation includes internal company data such as sales reports, organizational structure, SOPs, and promotion schedules. This method aims to support the analysis of internal and external factors of the company using the IFE and EFE matrices, SWOT, and the Ansoff matrix. The focus of the research is directed towards designing business strategies to increase sales and market share of the poultry supplier company. The validity of the data is maintained through the process of triangulation of sources, techniques, and time to ensure the validity and reliability of the data. Data reduction is carried out to simplify and organize information, while data presentation uses tables or graphs to facilitate drawing conclusions. Verification and conclusion drawing are carried out before, during, and after data collection. The research results are validated through an audit by the supervising lecturer and triangulation of informants from various perspectives, namely consumers, sales managers, and competitors.

## **RESULTS AND DISCUSSION**

Supplier Unggas is a distribution company for food raw materials in the form of poultry such as broiler chickens, free-range chickens, ducks, laying hens, etc., in the city of Surabaya. Supplier Unggas was established in 2023 and is located at Taman Pondok Indah KX 30, Surabaya City. The purpose and objective of establishing Supplier Unggas is to operate a business in the field of distributing various types of poultry that are affordable, fast, clean, safe, and reliable. In carrying out its business activities, Unggas has an organizational structure, each with its respective job descriptions as follows: 1) The Director/Owner is responsible for overall operations, creating work plans, budgets, and building customer relationships. 2) The Manager oversees operations, plans sales, seeks new customers, and analyzes the market. 3) The Online Admin handles promotions and communications via social media, records orders, and schedules deliveries. 4) The Administration & General team manages administration, organizes facilities, creates invoices, plans delivery routes, and ensures smooth production processes. 5) The Production Staff focuses on cutting, packaging, weighing, and recording production results. 6) The Delivery Staff is tasked with delivering orders, preparing goods for customers, and collecting goods from suppliers if needed.

### **Internal Environment Analysis**

Internal environment analysis is the process of identifying and analyzing the strengths and weaknesses within the company, by examining management, marketing, operations and production, human resources, and finance. (Royensyah, 2013). The internal environment relates to the environment within the company's internal scope. The main objective of internal environment analysis is to enable the company to measure its own strengths and weaknesses before formulating strategic planning. The process of conducting internal environment analysis is carried out through interviews with internal

company parties and external parties associated with the company. In the audit process, the focus of the questions is to analyze the sales, marketing, finance, human resources, and development/R&D departments.

The internal factors analysis of Supplier Unggas covers several aspects. In sales, the company focuses on quality service, superior products, and competitive pricing. Marketing is done digitally through social media to reach new customers. In finance, although cash flow is high, the capital is still limited and entirely sourced from the owner's savings. Regarding human resources, the company ensures employees work according to their job descriptions and rewards high performers. In production, SOPs are applied to maintain product quality and equipment. However, Supplier Unggas does not have a dedicated research and development division, so innovation is carried out by the owner and sales manager based on market observations to improve products, packaging, promotions, and sales methods.

### **External Environment Analysis**

External environmental analysis is used to identify opportunities and one of the efforts to minimize threats that may occur to the company. Changes in the external environment can affect changes in consumer demand. Through the evaluation of opportunities and threats arising from the external environment, organizations can design strategies to achieve the company's objectives.

Based on the analysis of the external environment, political factors such as subsidies for animal feed and social assistance programs can boost public purchasing power for broiler chicken. Economically, Surabaya has high income levels, but the increasing population and limited job opportunities could hinder sales. Social factors indicate that population growth provides a larger market for chicken products. Technology is also used by Supplier Unggas through digital marketing to enhance sales.

### **Identify Strengths and Weaknesses Factors**

Based on the analysis of internal factors, the strengths of Supplier Unggas lie in its quality service that makes customers feel comfortable and satisfied. The company also guarantees quality products at competitive prices in the market. The marketing focuses on digital marketing through social media, strengthening relationships with customers. Additionally, human resources are capable of executing job descriptions well, supported by a reward and punishment system. Strict SOPs in production and operations ensure consistent product quality, supporting broader distribution.

However, there are several weaknesses faced by Supplier Unggas. Sales are limited to the same customers due to small product distribution, and sales are only conducted online. Financially, the company's capital is still limited, relying on the owner's savings, which hinders business development. Production still uses traditional tools and methods, resulting in slow processes, especially when demand is high. Moreover, the company lacks a dedicated division for research and development, making it less responsive to market needs and potentially falling behind competitors.

### **Identification of Opportunity and Threat Factors**

Based on the external environmental analysis, several opportunities and threats for Supplier Unggas have been identified. Opportunities include the growing population of Surabaya, particularly the youth demographic, which increases demand for poultry products. Political factors, such as government policies related to chicken feed and public welfare programs, also present opportunities to boost sales. Technological advancements allow for faster promotions and broader market reach, as well as increased production capacity. However, threats include economic instability, which can reduce consumer purchasing power, intense competition from businesses offering similar products at lower prices, and the risk of negative information spreading quickly, damaging the company's reputation.

Based on the SWOT matrix analysis, several alternative strategies can be implemented for the development of Supplier Unggas. For the W-O strategy, the company can pursue market development by targeting new customer segments through digital marketing, collaborate with resellers and social media influencers, and adopt cost leadership by investing in technology and focusing on a single product. For the S-O strategy, joint ventures with similar industries can help increase production capacity, and market penetration can be achieved through promotions and quality assurance. The W-T strategy suggests using freelance workers to reduce operational costs, while the S-T strategy involves expanding the customer base and ensuring service excellence to face growing competition and potential negative publicity.

### **QSPM Analysis**

After conducting a SWOT analysis, the researcher prioritized alternative strategies for Supplier Unggas based on the QSPM matrix. The process involved summarizing internal and external factors, assigning weights, and assessing each alternative strategy's attractiveness score (AS). The total attractiveness score (TAS) was calculated for each strategy, and the sum of these scores (STAS) helped determine the average STAS across all respondents. The highest average STAS indicated the priority strategies. Based on the QSPM calculation, the top priorities for Supplier Unggas are Market Penetration, Market Development, and Customer Network Expansion, followed by Service Excellent, Join Venture, Cost Leadership, Collaboration & Affiliator, and Freelance Recruitment. These strategies are expected to help the company overcome its weaknesses and capitalize on external opportunities.

### **Managerial Implications**

After the business strategy development research, several managerial implications for Supplier Unggas were identified. For Market Penetration, the focus shifted from just price offers to emphasizing product quality, including showcasing clean production processes and offering returns. Market Development improved customer data management and created attractive offers to attract new customers. Customer Network Expansion focused on identifying and visiting potential stores in various regions. Service Excellence introduced standardized procedures from presales to after-sales, including a

return policy. Join Venture expanded the product range by adding new suppliers. Cost Leadership focused on optimizing cutting machine usage to speed up production. Collaboration & Affiliator involved collaborating with frozen food stores for consignment sales to increase product distribution and awareness. Freelance Recruitment aimed at hiring freelance workers to actively promote the business online every day.

## CONCLUSION

This study focused on Supplier Unggas, a poultry distributor facing declining sales, and aimed to identify business strategies to improve revenue and competitiveness. **Fundamental Finding:** The research identified eight business strategies prioritized for implementation, including Market Penetration, Market Development, Service Excellence, Customer Network Expansion, Join Venture, Horizontal Integration, Collaboration with Frozen Food Stores, and Freelance Recruitment. These strategies aim to enhance customer loyalty, expand market reach, improve service, and optimize production costs. **Implication:** The findings suggest that Supplier Unggas should establish clear action plans with measurable targets and commit to the strategies for successful implementation. Additionally, the company should leverage technology for marketing and production optimization to increase capacity and service speed. **Limitation:** The study's scope was limited to a small sample size, and its findings may not fully represent the entire industry. **Further Research:** Future studies could assess the effectiveness of the proposed strategies in similar industries, include insights from competitors' customers, and explore external factors through Porter's Five Forces analysis with industry experts to gain a deeper understanding of market influences.

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