

CREATIVE INDUSTRY BUSSINESS STRATEGY PLANNING (STUDY ON KUMO GIFT & MERCHANDISE)

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ABSTRACT

Incongruous business strategic planning had caused Kumo Gift & Merchandise to experience a quite significant loss in the past. The creative economic development in Indonesia and strengthened governmental support in supporting creative industry have urged the Researcher to conduct a research related to business planning of Kumo Gift & Merchandise. This research was conducted using the qualitative-descriptive method. From the result of internal and external factors analyses using the Porter Five Forces theory and the SWOT analysis, it is apparent that Kumo falls within Quadrant H (Conglomerate Strategy) or the ST, which means that the Company must improve its Strength to minimalise Threat. In this Quadrant, Innovation and Diversification are used. In planning strategy, the Researcher uses Internal factor indicator such as Financial, Management, Marketing, Human Resources, Operational, the indicator of 5 forces and the 10 Types of Innovation theory as the basic for formulating strategy.

Keyword: SWOT, Porter Five Forces, 10 Type Of Innovation, Kumo Gift & Merchandise, Creative Industry

INTRODUCTION

Indonesia is an archipelagic country that has more than a thousand problems, one of the problem is about poverty. Indonesian society does not seem to play an active role in the success of economic development, so there are still many people who have a low standard of living. As we know that Indonesia has a wealth of abundant and can be developed even better, which in the end can absorb labor on a large scale. The development of the creative industry today is very important as an effort to reduce poverty in Indonesia, especially in rural areas. Related to creative industry, *Badan Ekonomi Kreatif* (BEKRAF) revealed that the creative industry in the last year has contributed Rp852 trillion or 7.38 percent of total gross domestic product (GDP) of Indonesia. The biggest contribution comes from culinary, fashion, craft, and others. In addition to contributing to national GDP, creative industry is the fourth largest sector in employment, with a national contribution of 13.9 percent or 15.9 million people, and also contributes export value of USD 19.4 billion or 12.88%. Currently, there are 16 sub-sectors that will continue to grow during 2015 -2019, namely performing arts, fine arts, television and radio, game applications, architecture, interior design, visual communication design, advertising, music, publishing, photography, product design, fashion, animated film and video, craft, and culinary.

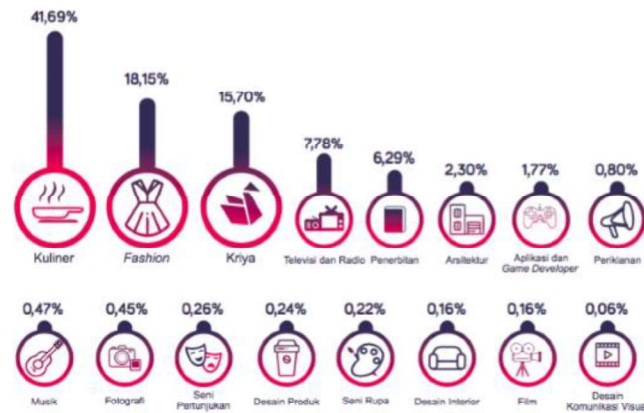


Figure 1. Indonesia Creative Economic Statistics Data
Source : Creative Industry Statistic Bekraf 2017

Sales of products experienced by Kumo Gift Increase and decrease every month. In January, Kumo Gift had a very drastic decline because the company did a vacuum on promotion. This is caused by some problems faced by the company is a mistake in visualizing the media campaign (instagram) so that it cannot achieved the expected segment, Kumo also did not optimize the company in doing promotion.

Based on the conditions experienced by this company, researchers want to design a strategy to introduce the product to a new market by analyzing the SWOT which is associated with Porter 5 Forces and Business Analysis, therefore researchers want to do research about “Creative Industries Business Strategy Planning.”

LITERATURE REVIEW

Senen Machmud and Iwan Sidharta (2014) entitled *Bussiness Models for SMES in Bandung: SWOT Analysis*. The approach used in this research is a combination of a rational and comprehensive with a disaggregated approach, which simplifies the overall approach within the scope of insight and deepens the strategic overall picture of the overall element of the whole problem. The approach used in this study refers to the theoretical foundations based on SWOT analysis. The population in this research is Principal Priority from SME in Bandung. The results of this study are expected to be a new alternative to SME development in Bandung, the results show the alternative form strategy of each industry group, the results of SME implementation implementation analysis in Bandung, and the results of SME short and long term strategy analysis in Bandung.

Eko Nurmianto, Arman Hakim Nasution, and Syafril Syafar (2016) *Formulation of partnership strategy of PT. INKA and Small and Medium Industries* were investigated using AHP and SWOT. Problems are the criteria needed in arranging and formulating partnership strategy between PT. INKA and small industries built.

The results of this research (1) Performance appraisal of partnership model are several criteria used are: effectiveness, professionalism, development, supervision, capital, development potential, and bureaucratic procedure. (2) Weight of criteria: effectiveness 0.354, professionalism 0.24, bureaucratic procedure 0.159, coaching 0.104, supervision 0.068, development potential 0.045, and capital 0.031. Model 2 (proposal) is a partnership model that focuses partnership development between PT. INKA and IKM with a more professional management with the existence of independent BUMN Fund Management Agency.

Puspitasari and Indriyani (2014) entitled "*Designing competitive strategy of PT. Asia Inovasi Dimensi Cipta*" aims to formulate the competitive strategy of PT. Asia Inovasi Dimensi Cipta with SWOT and Porter 5 Forces approach principles. The method used in this research is research method using internal and external environment analysis, Internal use Planning management function, Organizing, Actuating, Controlling, while using the approach of Porter's 5 Forces Model. The population in this study amounted to 6 informants with the assumption that

informants understand clearly about the company. The results of this study indicate that companies are advised to use market development strategies as well as product development.

Porter 5 Forces

Competitive analysis using the Five Porter Strength model is the approach used to develop strategies in many companies (David, 2011). The competition, according to Porter is as follows:

1. Competition among competitors
2. Potential entry of new competitors
3. Potential development of replacement products
4. Bargaining power of suppliers
5. Consumer bargaining power

SWOT analysis

Understanding SWOT analysis that includes efforts to recognize the strengths, weaknesses, opportunities, and threats that determine the performance of the company. External information about opportunities and threats can be obtained from many sources, including customers, government documents, suppliers, banking circles, partners in other companies. Many companies use the services of scanning agencies to obtain newspaper flipping, research on the internet, and analysis of relevant domestic and global trends (Richard L. Daft 2010: 253)

The SWOT analysis compares the external factors of opportunity and threat with internal factors of strengths and weaknesses. Internal factors are incorporated into a matrix called the internal strategy factor matrix or IFAS (Internal Strategic Factor Analysis Summary). External factors are incorporated into a matrix called the EFAS external strategy factor matrix (External Strategic Factor Analysis Summary). After the matrix of internal and external strategic factors is completed, then the results are included in the quantitative model, the SWOT matrix to formulate the company's competitive strategy. External Strategy Factor Matrix (EFAS)

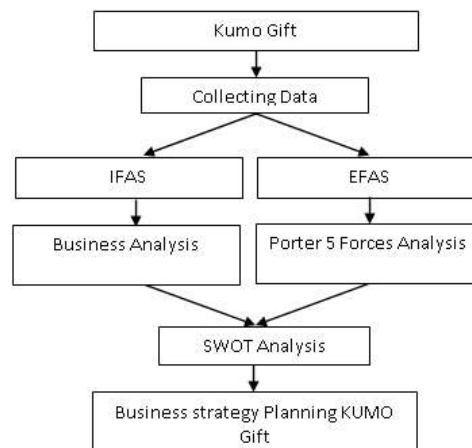


Figure 2. Analytical Model

RESEARCH METHODS

One of the analytical tools that will be used by researchers in conducting this research is using SWOT analysis and supported by external environmental analysis (EFAS) and internal environmental analysis (IFAS). SWOT analysis is one of the tools for management in taking efficient policy direction and determining the effectiveness of strategy needed for company management pattern to achieve its purpose, then after analysis using SWOT analysis will be connected with effectuation theory.

At this stage Porter 5 Forces serves as a theory that can be used to determine competitive advantage and competitive advantage within a company and help acquire the ideal business strategy. All data analysis is obtained from Interview, observation and documentation.

From the results obtained analysis has been done, then researchers will apply it in Kumo Gift business design.

RESPONDENTS

Table 1. Respondents Data

No	Name	Age/ gender	Occupation	Informan Status
1.	Citra Sabrina	31 th /P	Psikolog & Owner Mars and Co.	Competitor
2.	Dhira Maulana	25 th /L	Entrepreneur	Supplier
3.	Predita Arie	24 th /P	Young Housewife	Customer
4.	Chika Nureka P.	22 th /P	Owner Le Magia Florist	Substitution Product
5.	Annisa Chaesariana	25 th /P	Owner Merchandise & Priti Handmade	New Comers
6.	Radyan Atma W.W.	24 th /L	Owner Kumo Gift	Internal Company
7.	Evaulia Nindya K.	23 th /P	Staff Bussiness development Kumo Gift	Internal Company

Source : Processed by Researcher (2017)

Porter 5 Forces Analysis Result



Figure 3. Porter 5 Forces Analysis Result

This indicates that a strong indicator in the five firm forces is Threat of New Entrance and Competitive Rivalry. This means that the controller in this business is the existing competitor, as well as the arrival of new players in the business. That way the company can not easily increase the price or change the quality of the products sold, because it can make consumers move from the company's products to competitors or substitution products.

Solutions that can be done that the company continues to innovate that leads to the benefits of products that are difficult to imitate by competitors or newcomers. It would be better if the company can become the market leader of the field run by the company.

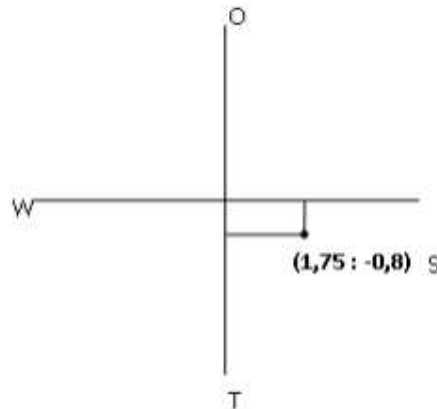


Figure 4. SWOT Matrix Result

Figure 4. shows the position graph of SWOT Kumo Gift company is in Room H describes the Conglomerate Strategy that is the development strategy of each group by way of coordination of each sector itself.

Here's the new strategy that researcher can suggest for Kumo Gift company based on theory and the research result:

Threat of New Entry : Companies must allocate capital inflows according to need, then focus on innovation and character formation to be competitive as well as to win the hearts of consumers who previously also only glued to the competitors.

Bargaining Power Of Buyer : Starting planning diversification or adding product variants, this can simplify the consumer, in addition to increasing loyalty and repeat orders from consumers.

Bargaining Power Of Supplier: Start looking for backup suppliers with proven quality to anticipate if there are suppliers who can not accommodate the needs of the company.

Threat Of Substitution : By educating the innovations made, and educating about the advantages of the product will increase the willingness of consumers in choosing a product kumo than substitution products.

Competitive Rivalry : Strengthening brand character, innovation or product diversification, making it possible for consumers to be more proud to buy products on kumo gift even though many new product products emerge.

Financial : there should be improvements in financial and inventory recording, due to financial monitoring and future planning.

Management : need to spend time regularly to fix and prepare business processes for better.

Human Resources: make good business design, then after the running business process start hire employees to help the work especially on the production of goods.

Marketing: create a mini guidebook to create a foundation / guidance in making promotions and characters kumo gift products.

Operational: start looking for vendor of backup vendor with good quality too, to overcome company operational problem

Profit Model : many things can be generated from products sold, such as providing design facilities (special) to paying customers, facilitate consumer desires in making merchandise with different concepts (such as hampers, unique packaging, etc.), etc.

Structure : almost the same as the HR indicators, which start menghire internal companies such as designers, marketing and operations, to be able to grow the business to be more organized and better.

Proccess : create a product character or perhaps with a different form of cushion, making it difficult for competitors to imitate the product, or even diversify the product.

Channel : start thinking about the place where the customer can directly know the product sold, can by making a production house as well as a product showroom, began to follow the

exhibitions outside, to introduce products while building consumer confidence in the existence of the product.

Network: Collaborate with brands or public figures, to become a media campaign and increase brand value. As an example in cooperation with Wedding Organizer in making brand wedding merchandise, or with fashion brand to make the design of fashion brand in the form of pillow.

Product Performance: Brand that is not only used as a "conventional" pillow but used as another function, such as wedding gifts, birthday present, event merchandise, room decoration. As well as providing consumer education and prospective consumers through media intermediaries between companies and consumers.

Product system: Diversify by selling separate products, such as pillow cover, pillow insert and special packaging.

Service: Special treatment on Kumo Gift products by providing packaging, as well as interesting knick knacks and perfumes so as to improve the function and value and provide convenience to the customer

Brand: To diversify products, which not only pillows, will also be extended to homeliving and lifestyle products.

Customer Engagement: Giving thanks after receipt of consumer goods, doing special promo for customer who had bought previous product, provide free design of visual & form for ordering merchandise product

CONCLUSION

The research in the thesis entitled Design of Creative Industries business strategy (Study on Kumo Gift & Merchandise) is a qualitative research. This research concentrates on Kumo Gift & Merchandise business design using EFAS & IFAS analysis (SWOT Analysis & Porter Five Forces). The results of this study indicate the position of the company is in ST strategy strategy, although the company faces a threat, but there are reliable strengths, there are 2 alternatives of innovation strategy and diversification strategy.

From the results of the study was decided for companies doing business design using innovation. The basis used to design the company's innovations Kumo Gift & Merchandise is the theory of the 10 Types of Innovation (Keeley, L. 2013) which explains that this is a tool that can be used to diagnose and enrich the innovations being done, or used to analyze existing competition. This concept can help make it easier to see the wrong management and can make the company's strategy stronger.

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