

BUSINESS STRATEGY OF PT. SOKA CIPTA NIAGA

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Abstract-Growth of Muslim population in Indonesia goes rapidly every year, not only in Indonesia but also worldwide. The need for special Muslim socks is very high mainly to support the hajj and umroh which are performed annually. PT Soka Cipta Niaga (PT SCN), one of the manufacturers of Muslim socks, is currently emerging. "SOKA" socks products has received positive feedback from its customers. But problem arises, where consumers who use socks PT SCN do not recognize the trademark used by the company. They just have known as "wudu socks" instead of socks named "SOKA". Promotion medias used by company have no positive impact on consumer brand knowledge. To solve the problem of the company, the researcher has analyzes the customers, company, competitors, collaborators, SWOT and Porter's Five Forces. This analysis is to find out the company's strategy of "Soka" brand. The strategy used to increase the popularity of PT SCN socks products urges its employees to actively use social media such as Twitter, Facebook and LinkedIn to introduce the company's products. Community outreach through collaboration to hold bazaar, Muslim seminars are also form of corporate promotional activities to enhance brand and product knowledge from PT SCN. In addition, an important activity is to cooperate with the organizers of hajj and umroh to provide for the needs of pilgrims socks Implementation of the strategy is based on a predetermined time. Ramadhan and hajj session is very important because the company sales will increase rapidly. The company also needs to increase the target to be achieved in each sale periodically at particular time as a measurement of effectiveness strategies.

1. Introduction

Business corporations are playing significant role among trades in both manufacture and service industry. Currently, fast growing of Business Corporations is expanding on numerous figurations to provide the best services and products in market. High market value and share are among the objectives of Business Corporations. Levels of Business Corporations are various, starting from entrepreneurs to business conglomerates. Competitions among corporations are unavoidable to achieve the objective mentioned before

Designed specifically to be able to be used during *sholat* (5 times a day Muslim's pray), these unique socks did not necessarily be taken off during *wudhu* (Muslim's washing ceremony before *sholat*). By adding the value through innovation and unique on functionality which designed to win the costumer's heart. The brand itself "SOKA" deliberately use also to introduce the name of the company to customers. PT SCN relies on distributors as second party to sell the products to end customers.

Established on September 11th, 2011, PT Soka Cipta Niaga (PT SCN) has been growing by the high demand of the product. High demand of the product is increasing time to time since many customers are satisfied with the quality, functionality and innovation of the product. PT SCN's achievements can not be separated from the long journey of the owners, Aman Suparman. Started as hobby by collecting unused socks since high school until university, Aman eventually has idea to develop business from his unique hobby.

PT Soka Cipta Niaga as socks specialized manufacturer that put quality as a priority, also being challenged by the less awareness of company's brand image among customers. Internal survey conducted by company reveals:

"The problem is in the brand image. Many loyal customers of "SOKA" still did not recognize company's main brand. Customers are still aware with "Kaoskaki Wudhu" ("Wudhu Socks") rather than same socks with "SOKA" brand. Company is strife for finding best solutions to overcome the problem. Promotion kits such as posters and banners did not really help to increase brand awareness. Urgencies for finding promotion media that would communicates the brand to costumer is important (Iyan Permana (Marketing Manager), interview, 17/11/2012).

2. Business Issue Exploration

Agents and Distributors are not end customers that will purchase products in small amounts or daily basis purchase. They will act as reseller spreading across Indonesia with significant amount numbers of products purchased. As per official distributors, need only to be established in several strategic cities. Distributors and agent plays important roles for PT SCN to markets their socks products. Figure 2.1 to illustrate the framework of company's objectives within product marketing.

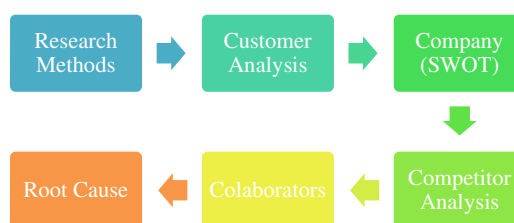


Figure 2.1 Conceptual Framework

The following Conceptual Framework explanations are :

A. Method of Data Collection

Data collection process is using direct interview with several correspondents from PT SCN conducted in PT SCN office Soekarno-Hatta Lane Bandung. Direct interview is regarded as one of proper method for collecting research data. Interviewer has freedom for communicating the need of data and problems occurred within the company. Deep interview is personally being held with management and owner of PT SCN (Cooper & Schindler, 2006).

Data collection throughout deep interview would be categorized as qualitative data. Data sourced from individuals, communities, organizations or institutions; texts, environments and backgrounds; media and actual events. All data will be gathered and analyzed to generate information required for the research (Cooper & Schindler, 2006).

B. Customer Analysis

The needs of complementary goods for customers are increasing each year. Socks still being regarded as complementary product for daily activities, including religion ceremonial activities especially for Moslems. In accordance with Abraham Harold Maslow's Hierarchy of Needs, human being will be seeking all the needs that they want. After physical need fulfilled, human being would seek the need of security and continuously would seek for another necessities such as love, self-esteem and self-actualization to fulfill every person's "will to live" (Schorpp, 2008).

Individual needs (Figure 2.2) are necessities that would not be take pride in, eventough these necessities will be fulfilled because there are encouragements and basic instincts of human that will never be satisfied. This condition will lead to new necessities that need to be fulfilled (artikel-jurnal-manajemen, 2012).

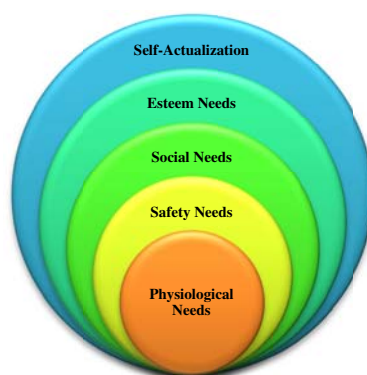


Figure 2.2 The Hierarchy of Needs
Source : Keith, 2008

C. Potential Market

Customer's behaviors are constantly changing urged by development of sophisticated technology and information that easier to access. Customers are more selective on product that they will buy. Product excellence with its own uniqueness would be an advantage when competing with competitors. Unique factors would be customers' consideration when they are choosing product they would want to use. Product excellence not only considered by its uniqueness but also with functionalities, flexibilities, qualities and competitive price offered (ciputraentrepreneurship.com, 2011).

D. Segmenting, Targeting and Positioning

Marketing has always become vital parts of companies since marketing is spearheading the gathering financial coffers. In this strategic role, the marketing covers every effort to reach agreement between the company and its environment in order to find a solution to the problem of determine the principal consideration. First, what business they work currently at the company and what kind of business that they would enter in the future. Second, what businesses can be run successfully in a competitive environment on the basis of the perspective of product, price, promotion and distribution to serve the target market (Tjiptono, 2008).

a) Segmenting

Targeting precise business segment is the main key to enter the market and gain closeness with customers. Company need to look carefully for to see the potential markets and forms cluster distribution channels to facilitate marketers. Segmentation would be needed since customers have different meaning of product, necessities, satisfaction product preferences and consumption pattern (Zulganef, 2010).

b) Targeting

PT SCN is targeting Muslim customers especially for those who is going to go to the holy land. They are carefully picked as potential market to develop. The product marketed now considered would meet customers' characteristics. Easy to use and flexible among some of characteristics needed by pilgrims during their tour in holy land.

c) Positioning

PT SCN still has not found proper positioning in market. Quote such as "fresh generation" still biased among customers and did not communicate well what message company really wants to deliver. Customer still did not recognize the brand of PT SCN and would opens opportunity for competitors gain benefits from these circumstances.

E. SWOT Analysis

Analyzes the state of the company to know the strengths and weaknesses possessed a critical point as a reference to compete or defend themselves from competitors. The results of the analysis carried out are related to the formulation of strategies that can later be used by companies to compete in the potential market. According to Wheelen and Hunger analyses of the strategy are:

Strategic formulation, often referred to as strategic planning or long-range planning, is concerned with developing a corporation's mission, objectives, strategies and policies. It begins with situation

analysis: the process of finding a strategic fit between external opportunities and internal strength while working around external threat and internal weakness (2012).

Significant role from SWOT analysis for the company is in formulating a business strategy. The company can be easy to anticipate the arrival of the threat from competitors in entering the same market. Business overview of PT SCN could be seen through the results of the SWOT analysis in Figure 2.3:

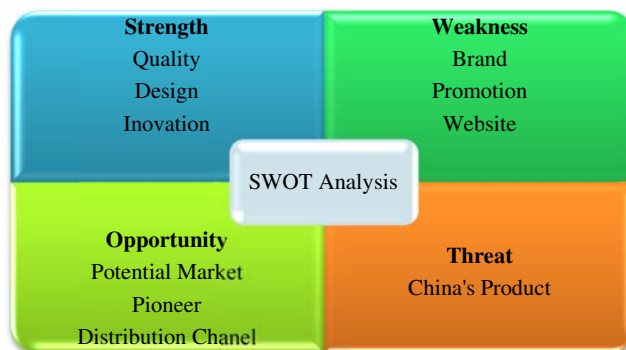


Figure 2.3 SWOT Analysis PT Soka Cipta Niaga

Here below are explanations of SWOT PT Soka Cipta Niaga :

a) *Strength*

- *Quality*, PT. SCN product is putting quality on the top priority. The selection of the type of raw materials and production processes that meet the standards has made many consumers are interested in using this product.
- *Designs*, As a pioneer in the field of socks industry certainly benefit themselves. Many consumers are already familiar with the product PT SCN with a design that meets the needs of everyday consumers.
- *Innovation*, Company should be responsive to any changes, either through the market or consumers who criticize the product PT. SCN. Process modifications continue to be made in line with market demands and to stay ahead in the industry.

b) *Weakness*

- *Brand*, there are still many consumers who do not know the brand of the product "SOKA", although they have long been using the product. For some types of *wudu* socks with brand of "SOKA", customer's o are more familiar with the brand "Wudu Socks".
- *Promotion*, promotional activities of the company are limited to posters and banners were placed on each distributor. Less vigorous promotional activities can influence lacking consumer knowledge of a product.
- *Website*, the condition of the company's website has not been managed well. The effect can be fatal because most consumers who partnered with PT SCN would communicate via Internet. The information displayed is still minimal so the need to manage more serious purposes. Reportedly, the company has plans to improve this website suggestions in some future time.

c) *Opportunity*

- *Potential Market*, Indonesian population is largely Muslim. The need for special *Muslimah* socks will be growing. Moreover, every year regularly held hajj and *umrah* pilgrims with a number very much. Special worship *umrah*, the intensity of implementation more than Hajj, which is only done once a year.
- *Pioneer*, as a pioneer in the industry given an advantage. Product innovation activities can be a benchmark for competitors to enter the market. Many consumers are familiar with the product first PT SCN prior to the entry of competitors as it is today.

- *Distribution Chanel*, company actually has good distribution network throughout Indonesia. Almost every city of capital province has partners that will distribute products to customers.

d) *Threat*

- *China's Product*, China's product remains a frightening specter for domestic companies. Lower selling prices and faster production capacity would threaten PT SCN. Even though the threat of foreign products is very large, the company remains consistent in producing quality goods in accordance with the initial selling price although a little more expensive.

From the results of the SWOT analysis has been done, there are several alternative options that could be use in the business strategy of PT SCN. Here is strategy that can be used:

1. Strengths Opportunity Strategy. The combination of quality and market potential would provide strength for company for producing product that would meet customer satisfactory expectations. Good quality items would provide satisfaction, that would lead to company could maintain a special sale price and would create a good positioning among customers. Design process would make company could bring out unique products. Due to the unique design, would make the company becoming a pioneer in the field.
2. Strengths Threat Strategy produces a good solution on how to deal with the onslaught of products from China. Unique innovation gives a positive value for the consumer. This would create product differentiation in the market and would provide many options for consumers.
3. Weaknesses Opportunity Strategy creates brand promotion and good distribution channel. The distributors and agents will feel proud when selling the company's products. Therefore, it is necessary to improve the product and brand promotion strategies of PT SCN for providing a positive impact for their business partners.
4. Weaknesses Threat Strategy developed with the improvement the quality of a service given by the company to distributors. Proper display of the website gives the impression of confidence for new distributors. The increase of company's partners, would lead better chance dealing with China's products competitors.

F. Competitors Analysis

It is important to know the theory used in identifying Industry's Competition. Michael Porter, better known by Porter's Five Forces is an proper theory as the basis of identification. Through this theory we can see the actual market situation. The Company will determine the business's competitive position of the company is in a strategic position or be at a disadvantage. Here below are the explanations of Figure 2.4:

- a) **Potential entrance.** Since the implementation of the cooperation between Indonesia and China, known as the ACFTA, the higher the intensity of competition. PT SCN tried to decrease it by creating products that are innovative and unique in design, so it can compete with similar products that are found in the market.
- b) **Industry Competitors.** Current number of competitors is growing. Mainly imported products found in many shopping centers in particular *Muslimah* socks. The lack of restrictions and rules make anyone freely entering this sock industry.
- c) **Substitute Product.** Substitute product is still very low. So the need is still high socks. If it is damaged, it should be quickly replaced with new ones. Because socks are a basic necessity, especially important in supporting the activities of hajj and *umrah*.
- d) **High Bargaining Power of Buyer.** The numbers of Indonesian Muslims were is one potential market to develop. Many customers who bought are using the product for more than one purpose activities.
- e) **High Bargaining Power of Supplier.** Competition occurs in socks industries began to squirm over time. The competitors have realized the benefits are very potentially developed. So many of them are competing to set up a similar business.

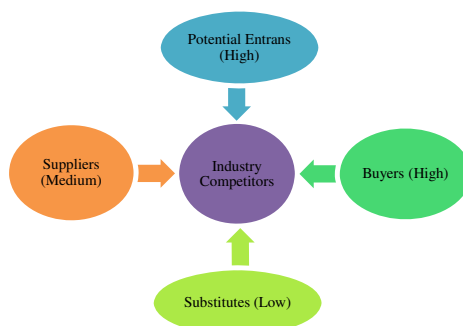


Figure 2.4 Porter's Five Forces
Source : Wheelen & Hunger, 2012

G. Collaborators

Currently, PT SCN has made a reduction in the number of distributors and agents. The company strives to find the best in order to increase sales and payments made more efficient. To establish the distribution of goods more efficient, there are 15 agents and distributors spread throughout Indonesia. Previously the company has 53 agents and distributors who assist in the distribution of goods to the consumer.

H. Root Cause

Any problems in implementing business makes the company always learn to give the best effort and solution as a way out. The establishment of "Pact of trade", or better known as the ACFTA makes foreign products easily penetrate the Indonesian market. Competition is tight; especially the price offered by the competitors are cheaper. Several obstacles that eventually arise must be face and PT SCN as the pioneer socks has many task to do. Here are the problems they are currently facing:

- a) Loyal customers using products of PT Soka Cipta Niaga did not know the brand used. Many of the cutomers who formed their own brand sock products PT Soka Cipta Niaga.
- b) Consideration promotional suggestions that would be used to enhance the company's brand recognition for consumers.
- c) The intensity of competition is very high sock industry. The selling price of the product that is cheaper to be one factor for the current competition.

3. Business Solutions BUSINESS

In previous chapter has been explained that root cause of the PT. Soka Cipta Niaga (PT SCN) includes lacks of brand awareness among customers, media campaigns that was not provided any changes to the socks brand "SOKA", and the high competition in the industry was mainly imported products with lower prices.

A. Business Formulation

Increase the understanding of a brand to consumers is very urgent, especially for PT SCN. To be able to dominant the consumers' mind would take process to build the brand. With the positioning of the company's products, the objective is helping brand "SOKA" to always be remembered by consumers. Brands that have been attached to the minds of consumers will create a high loyalty. So it will be easier for the company to market its products, especially new products.

1. Brand of The Product

Creating an alternative product in enriching choices for customers. New products with new brand aims to invigorate the market, but in terms of quality and functionality are the same as previous products. This product will help expand variety of choices for customers. The difference with other products is in terms of motifs which will be more than the previous product, so that consumers can choose according to their wishes.

❖ New Brand

Socks with Brand "SOKA" needed refreshment. This brand relatively didn't have connection with the users since it can not represent the intended message of the segment, Muslims. In addition, the name of "SOKA" has been used by one of the products made from fresh crab, so the association is less appropriate for use as a socks product. It should be done with a brand new replacement that can describe the characteristics of Muslim customers.

❖ Brand Classification

Brands must be in accordance with the characteristics of the socks product, in order to facilitate consumers in remembering. In addition to consumers, PT SCN will also be easier to carry out promotional products to its loyal users and new users.

2. Product Positioning

The slogan used by PT SCN is "fresh generation". While the target market is a Muslim, both of which want to perform hajj and *umrah* and are merely used for their daily lives. Nevertheless, the slogan seems inappropriate with target market. Products produced are also more innovative and very useful, so the company needs to replace with more creative slogan accordance with the consumer being targeted. More appropriate slogan used for derivatives with other types since the message is not in line with the state of the current product.

3. Loyal Customer

Retaining loyal customers is the key to a business can run properly. It would be better if the consumer can increase from one period to the next period. The more number of customers could help the company to fend off competitors, which may at any time enter the same market. Competitors will find it difficult to establish if the market had been a loyal customer for a particular product. Consumers are an important part in the production of socks consuming PT SCN, they are very satisfied with the products that exist today. Although not familiar with the brand of which are listed on the socks product.

B. Increasing Competition

PT SCN needs to increase sales in order to face the competition of imported goods become more frequent. Customers are always tendencies to overlook at the presence of many imported goods with a relatively cheap and affordable. Price is still a very attractive option for consumers to buy products mainly for socks products. Companies need to anticipate a number of ways as follows:

1. Market

Reducing the amount of marketing areas and concentrates with big cities as centers of population is the right choice to increase market share. Known, the company has dominated the market Jakarta, Bogor, Tangerang and Bekasi up to 70% of the Muslim socks products. The remaining 30% market share of PT SCN spreads beyond the region.

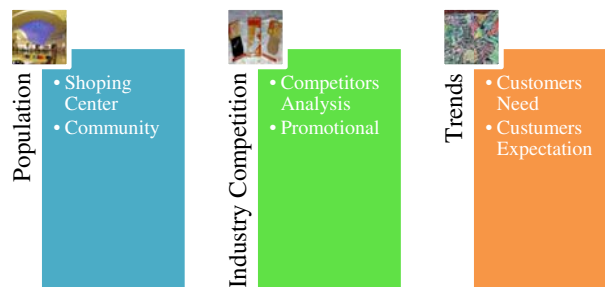


Figure 3.1 Market Segmentation Principles

- ❖ Population thing to note is the number of shopping centers that exist in a particular market area. Determination of the number of distributors that will open a branch of marketing can be controlled to a healthy competition among fellow distributors. In addition, the condition of the people who have the organizational activity of both formal and non-formal noteworthy need to be appreciated, since they are a potential market to develop. Community could ties good emotional relationship that would be important to note.
- ❖ Industry Competition is a factor that has an important role in determining any marketing strategy. There needs to be an analysis of the number of competitors that come into play in the

same market. Promotional activities undertaken by the competitors also need to be considered, in order to create differentiation in promotion. In particular promotion will do PT SCN.

- ❖ Fashion trends every year is always changing. PT SCN needs to do research on trends, especially for Muslim. Innovation becomes an important factor for the success of the company to grab potential market. Trends also need to consider the needs and expectations of customers.

2. Supplier Selection

Free trade pact should have a positive impact on the company. Opportunity for selecting supplier from abroad could be a consideration, with opportunity for material prices could cheaper than domestic suppliers. That would lead to, decrease on production costs and gaining higher profits.

- ❖ Domestic Suppliers

Domestic raw materials have superior quality with competitive prices. The use of domestic products can be turned into a campaign that is useful for the promotion of the company's products. The campaign is very beneficial, especially for the overseas market. Since the company introduced the excellence Indonesia participated in the international market as a producer of quality raw materials.

- ❖ Foreign Suppliers

The rise of cheaper imported products may be one way to look for an alternative supplier of raw materials. China is one of the areas that currently have very rapid economic growth and raw materials from China is considered has more competitive price. The opportunity of having relationship for providing cheaper raw materials would be a consideration.

4. Implementation Plan

The program proposed to improve the brand "Soka" covers several aspects of consumer minds. The program consists of Human Resources, technology, Research, bazaar and Cooperation. Implementation of the program should be executed using the schedule as in Table 1. Each program needs to be evaluated to determine the extent of the resulting performance. Evaluation can be done every one to three months in order to provide maximum results for the brand "shelled".

Table 1. Implementations Schedule

No	Program	Months (2013)												
		J a n	F e b	M a r	A p r	M a y	J u n	J u l	A u g	S e p	O c t	N o v	D e c	
1	HR													
2	Technology													
3	Studies													
4	Bazaar													
5	Cooperation													

Here are explanations of program implementations schedule:

1. Human Resources (HR)

In March, company could conduct training for employees to produce a competitive skill. The training was related to the use of technology as a media campaign that will be used by the company. After training in March, the company would need to provide an evaluation in June. This would shows on impacts of the training. The evaluation continues to be done every three months to produce a good performance.

2. Technologies

The use of media campaigns by leveraging use of technology is the appropriate choice. Companies should actively seek media technology as a means of communication with customers. Employees who have qualified skills could manage technology as a means of promotion. Promotional costs would be less since it uses existing employees.

3. Studies

Program assessment is done every month to determine the schedule in accordance with potential market. In March, the company can begin studies in At-Tauhid mosque Gegerkalong, in April there is "Percikan Iman" in Telkom Gegerkalong Mosque, in May could be done in Masjid Raya (alun-alun Bandung), Istiqomah mosque in June, July-August-September in Bandung Pusda'i, in October at the Salman mosque, UIN campus in November and December on the campus of the Islamic University of Bandung.

4. Bazaars

Bazaars are best to do before the month of Ramadan (the month of July) and during the Hajj season in September. Activities in bazaar could be done by providing special discounts for customers, providing information about the sweepstakes and marketing the products, giving customers more of product knowledge.

5. Cooperation

Cooperation is could be done by various potential parties. PT SCN can submit proposals to the Travel Agent each year dispatcher hajj and *umroh* pilgrims. Cooperation is also to do with the Ministry of Religion particularly providing shirts for. Submission of proposals, conducted in March, April, May and June. Evaluation results of deployed proposal conducted every month and evaluation of the results of cooperation could be presented to the company in September.

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