

SELECTION OF STRATEGIC POSITIONING AND FORMULATION STRATEGIES FOR IMPROVING BUSINESS PERFORMANCE OF BAKERY XYZ

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***Abstract**—Economic growth will increase competition among companies in industry, and it happen in Bandung area, with current growth in economic and tourism industry also influence competition level in culinary business in Bandung. Bakery XYZ, that already in Bandung since 1991 affected of the current competition in culinary business. Currently Bakery XYZ is facing decreasing sales volume due to increasing competitors. To improve its business performance, is required to analysis Bakery XYZ's business strategy and analyze Bakery external environment. The approach for analyzing this issue is through societal environment analysis, task environment analysis, STP analysis and acquiring data using questionnaire to 100 respondents to know their point of view of Bakery XYZ to know whether there is gap between company strategy compare with respondent expectation. After analyzed the datas, its concluded that Bakery XYZ positioning is too broad thus make company have no specific strategy for creating distinctive competency, and in other side company facing high threat of external environment. Based on this conclusion, its recommended for Bakery XYZ to settle its strategic positioning in differentiation strategy in obtrude in product's taste*

Keywords : societal environment analysis, task environment analysis, distinctive competency, strategic positioning, differentiation strategy

I. INTRODUCTION

Currently economic growth in Bandung resulted increasing the potential of investment in the city and attract numbers of investors, both from Bandung or from outside for investing in Bandung. Tourism sector in Bandung is sector that give huge contributes to economic and Bandung have benefit by its position that

close to Jakarta as well, especially after opening of the toll lanes named Cipularang, that shorten the distance from Bandung to Jakarta and vice versa, and also supported by the airport of Bandung, Husein Sastranegara, as entrance for local and foreign tourists to visit Bandung, and number of tourist that come to Bandung is growing every year. This growth has an impact on the number of new companies established in the city that are trying to capitalize on business opportunities that exist, so the competition is getting tough, thus every company need to be more creative in setting the strategy that will employ in order to attract customers' attention.

The growth of the tourism sector in Bandung led to significant growth of retail stores that sell various products, such as stores that sell clothing, house wares, selling food and souvenirs, because of the increased level of one's economy will lead to increased demand and purchasing power. Bakery XYZ as one of retail company engaged in the sale of cake and pastry also get benefit from growing Bandung's tourism industry, but on the other hand with the increasing number of similar companies that establish in Bandung, automatically increase competition level for Bakery XYZ, with each company will try to increase market share through products, excellent services that try to attract customer's attention.

I.1. Company History

Bakery XYZ is a bakery that was established in Bandung since 1991. Starting from year 1986, when the owner try to produced kinds of cakes introduced the products to public by way of

marketing through a variety of pastry shops and schools in Bandung area. After run business for a few years with sales method from one place to another place or direct selling method, the owner finally decided to set up a store that can sell all the products produced in a container in order to facilitate buyers in getting all the products. The owner then produce a product that makes name of Bakery XYZ is increasingly recognized, the product's name is brownies and the product is still very well known by the public and the effect the Bakery XYZ's name is still well known until now and become a destination place of tourists that want to buy cake and pastry in Bandung area.

I.2. Scope of Company's Business Field

Bakery XYZ at first only produce a cake or bread, but with the development of the company's business, Bakery XYZ also manufactures lines of products that are still in touch with bakery's business line, which is in the food industry, such as pastry, puddings, cakes, ice cream, tart and each product is managed by a department that in charge of the manufacture of these products, which is directly have responsible to the owner of Bakery XYZ.

I.3. Business Issue

Currently Bakery XYZ has been recognized by society at large and become one of the culinary destinations in Bandung. With the growth of industry in Bandung, which also bring business opportunity to be worked by other bakery, or other foods that can replace function of cake or pastry, Low initial cost to start business in this culinary industry, making it easy for competitor to do products imitation that are in demand and sell at lower prices to attract customers, or creating other products to satisfy the same desires or needs, where these conditions will cause a decrease in volume of sales of the company, the migration of customers to a competitor. This can happen if the customer does not find the uniqueness of the Bakery XYZ's products when compared to other bakery, because based on the data obtained, currently in Bandung there are more than 20 bakeries, with rapid growth every year, then Bakery XYZ should determine a strategy in order to have a position in this industry that can differentiate with competitors, and benefit to have strategic position is company may have focus on serving customers and target market and satisfy the needs of its target audience.

II. BUSINESS ISSUE EXPLORATION

To find out the root of the problem within the Bakery XYZ, analysis is done through societal environment, task environment analysis, internal analysis and dissemination of the questionnaire to 100 respondents, to find out whether there are differences between the strategies that company implement today and company's position in customers' view. According to Porter (Wheelen, Hunger, 2008:73) both the societal and task environment must be monitored to detect the strategic factors that are likely to have strong impact on corporate success or failure. Environment analysis involves analysis of the government of Bandung, economy condition of Bandung, social life and social behavior that occurred in the city and technological factors, which from the results of the analysis indicate that economic growth in the city at this time is quite rapid, and the government of Bandung supporting the local economy, including tourism industry (paper-jakarta.com, 2011), hence the potential condition in Bandung is potential for the development of the Bakery XYZ.

Environment task analysis, industry analysis using the concept of Michael Porter (Wheelen & Hunger, 2008:82), in which the analysis carried out on five factors: threat of new entrants, bargaining power of buyers, threat of substitute products or services, bargaining powers of suppliers and rivalry among existing competitors, obtained results that currently Bakery XYZ has threat from new entrants, threat bargaining power of buyer that can decide whether buying Bakery XYZ's products or choose other products, threat from substitute products emerge in current market situation that can satisfy the same needs, and current threat of existing competitors that keep trying to increase of their market shares.

Based on the analysis of questionnaire result of 100 respondents to determine the position of Bakery XYZ in the respondents' mind compared to the company's current positioning strategy is the results obtained that currently Bakery XYZ's positioning strategy is trying to satisfy multi needs of consumers in terms of best quality products, trying to have reasonable price compare to competitors and provide many products variety, thus Bakery's XYZ focus is divided to these features, while if using theory of positioning strategy, that is proposed by Porter (Porter 1996:70), there are 3 strategic

positioning that company can choose to compete in an industry, which are:

1. Need Base Positioning
2. Variety Base Positioning
3. Access Base Positioning

From questionnaires, customers give opinion related their reason why decide to come to Bakery XYZ, their opinions are :

1. Full fill need (77%)
2. Products variation that are available (20%)
3. Easy to access (3%)

From the opinion show that there are gap between Bakery XYZ positioning strategy and position in customer's mind or in other word can be stated that current Bakery XYZ strategic positioning is still to broad and this matter will make company does not have strength in positioning and company will difficult to create distinctive competency, and this can harmful Bakery XYZ's position in the future, although currently company have competitive position in the market that attract many customers to come.

Analysis is needed to find out whether Bakery XYZ has distinctive competencies for its current position. Analysis use VRIO competency framework (Wheelen, Hunger, 2008: 16), to analysis these 4 important factors that are needed to have distinctive competency, which are : **value** that company provide, **rareness**, **imitability** and **organization**. Result of the analysis of those factors show that currently Bakery XYZ has the core competencies within the organization, but company still does not have distinctive competencies that can distinguish it from competitors although company has resources to deliver the distinctive competency.

III. BUSINESS SOLUTION

In order to have uniqueness in the industry, Bakery XYZ first need to select appropriate strategic positioning with considering Bakery XYZ's strength, weakness and analysis opportunity and threat that may be faced in the future and considering customer's opinion about Bakery XYZ that have been shown from the questionnaire.. Michael Porter described in Wheelen (Wheelen & Hunger, 2008:142), there are 4 alternatif position that company can choose for strategy, as stated in the table below :

Tabel.1

Target Scope	Advantage	
	Low Cost	Product Uniqueness
Broad (Industry Wide)	Cost Leadership Strategy	Differentiation Strategy
Narrow (Market Segment)	Focus Strategy (low Cost)	Focus Strategy (differentiation)

a. Business Strategy Michael E Porter

After analysis to Bakery XYZ's strength, weakness and get information related possible opportunity and threat, with using SWOT analysis combine with data from questionnaire, can be summarized that the most appropriate strategy for Bakery XYZ is differentiation strategy which is currently Bakery XYZ is serving broad market, have good reputation/brand and can attract many customers come to Bakery XYZ to satisfy their needs, and it related with good taste therefore Bakery XYZ must focus to provide more value to consumers in terms of enhancement product's flavour, hence customers have a high level of satisfaction with the Bakery XYZ's products and after that Bakery XYZ have improve service to customers during their visit to increase customer satisfy and loyalty.

To support the implementation of corporate differentiation strategy requires the resources to support the implementation of differentiation strategy, example marketing capabilities, product engineering, creative flair, research, reputation for quality, cooperation between channels. Necessary resources will become company's assets to support producing distinctive competence, which is currently Bakery XYZ need to add additional business units to support differentiation strategy, Bakery XYZ must conduct exploration to increase the capability of the company's current assets

Efforts to improve capabilities of business units to strengthen Bakery XYZ's business strategy must be aligned with the corporate strategy and these strategies have to be decanted into a blue print called business model (Osterwalder, Pigneur, 2010) A business model is a guidance of company in terms of activities in order to achieve company's objectives. Corporate strategy is primarily about the choice of direction for a firm as a whole and the

management of its business or products portfolio (Wheelen, Hunger, 2008:162), which as quoted by Wheelen, corporate strategy deals with three issues:

1. The firm's overall orientation toward growth, stability or retrenchment (directional strategy), and after analysis with current market and economic condition in Bandung, and considering current potential growth of Bakery XYZ, analysis show that growth strategy is the most suitable strategy, because Bakery XYZ still have opportunity to increase market penetration using differentiation strategy because tourism and economic condition in Bandung is still in growth phase
2. Bakery XYZ competes through its products line, from the analysis product's portfolio using BCG Growth share matrix, the conclusion is Bakery XYZ has to emphasize to create uniqueness and differentiate company's value to be delivered to customer, as focus to enhance product's flavour, especially to products that are categorized in low demand product in order to strengthen company positioning in this culinary industry and increase sales volume.
3. The manner in which management coordinates activities and transfer

IV. CONCLUSION AND IMPLEMENTATION PLAN

After settle the business model, activities that are needed in order to strengthen Bakery XYZ's strategic positioning, are :

1. **Give Priority to Upgrade Product's Flavour.** Bakery XYZ have to emphasize activity on research and development to create uniqueness in taste. In order to upgrade products' taste have to obtain input from other business unit that active connected with customers as marketing departments, input from customer service department.
2. **Price strategy.** Bakery XYZ through marketing department have actively do price strategy, as giving discount or product bundling promotion to increase all products sales volume

resources and cultivates capabilities among product lines and business unit (parenting strategy), where the owner as a coordinator and supervised for current condition to supervision activities among business unit, as exchange information, sharing knowledge, sharing capability in order to strengthen core competence of Bakery XYZ and final result will create distinctive competency to strengthen strategic positioning.

Base on the analysis above related Bakery XYZ's strategies and position, hence Bisnis Model that can be proposed for Bakery XYZ is:

Key Partners Supplier employee	Key Activities Production Process Research&Development Customer Service Training Activities Product Information Product Promotion	Value Proposition Taste Product Quality	Customer Relationship Customer Intimacy Customer's Satisfaction	Customer Segment Retail Customers (Business to Consumer)
	Key Resources Company's Fixed Asset Employee Company's Reputation Distribution Channes		Channel Own Bakery Call Centre Delivery Service	
Cost Structure Production Cost Research Cost Material Cost Training Cost Fixed Cost Promotion Cost			Revenue Stream Revenue from selling product Seller fee (fee as a seller of third party's products) Delivery service fee	

Figure 1. Business Model of Bakery XYZ

3. **Development in Place.** In order to be more easily accessible by customers, Bakery XYZ have to set up easy ways to be accessed, and some activities that can be executed are through call centre service for customer in ordering products, set up product delivery services, and activation on line media for online purchasing,.
4. **Promotion Activities**
Bakery XYZ create activities to promote brand and image, as through promotion in media, example through magazine, issuing bulletin to give information related company regularly and means to tighten up relationship with customers
5. **People.** Bakery XYZ start to maintain employees as an asset. Some activities that can be implemented are through settle reward program for employees, training program to increase employees' knowledge and capability, because human asset will help delivering good value to customers and can increase

intimacy between Bakery XYZ and customers.

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