

Business Strategy in Market Development of Cookies Company (Case Study: MC Cookies by IN Cookies)

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Abstract

PT. ABC is a company located in Bandung, West Java, Indonesia, the largest producer of homemade cookies in Indonesia with a well-known brand, IN Cookies. The company has been established for more than 30 years, making PT. ABC is the market leader in the homemade cookies industry in Indonesia. According to the annual report from 2019 to 2020, more than 40% of the company's annual revenue comes from Ramadan and the month of Eid al-Fitr. The company wants to increase sales outside of Ramadan and Eid al-Fitr, thus creating a new brand, MC Cookies by IN Cookies. However, at this time, the company's product sales depend on existing distributors. Distributors have the habit of selling only during the Eid season. This also applies to MC Cookies by IN Cookies. Thus, this research was conducted to find the appropriate business strategy to increase sales outside the Eid season for MC Cookies by IN Cookies. This study uses SWOT analysis and business formulation is carried out using three stages, namely The Input Stage (Stage 1) consisting of the Internal Factor Evaluation (IFE) Matrix and External Factor Evaluation (EFE) matrix, The Matching Stage (Stage 2) consisting of SWOT Matrix and Internal-External (IE) Matrix. The Decision Stage (Stage 3) consists of the Quantitative Strategic Planning Matrix (QSPM). The Matching Stage Internal Factor Evaluation (IFE) Matrix results, that the position of MC Cookies by IN Cookies is in cell 2, meaning a grow and build strategy consisting of an intensive strategy and an integrative strategy. However, according to the discussion results and in-depth interview, the strategy chosen to enter the decision stage is an intensive strategy (market penetration, product development, market development). Then the result of The Decision Stage Quantitative Strategic Planning Matrix (QSPM) is that the appropriate business strategy for MC Cookies by IN Cookies is market development. The chosen market development strategy is to create a new customer segment and a new reseller system specifically for MC Cookies by IN Cookies. It is expected to increase sales outside Ramadan and Eid El-Fitr.

Keywords: snack food industry, cookies, business strategy, market development, reseller

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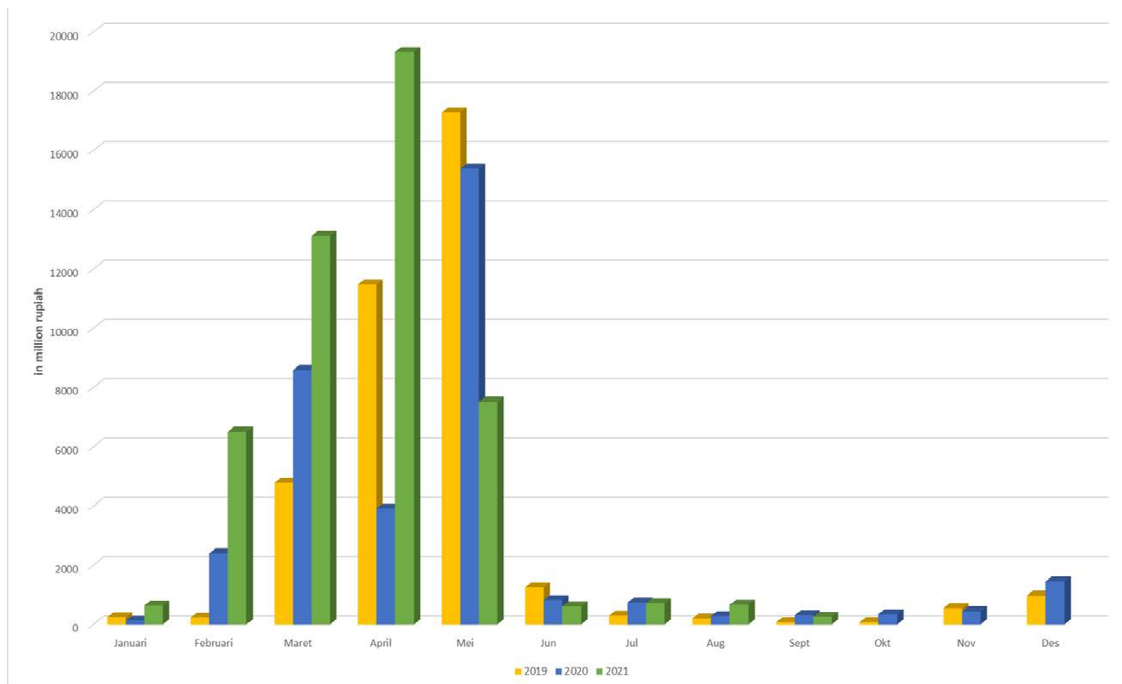
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1. Introduction

The pandemic Covid-19 has accelerated the worldwide boom of snacking. Based totally on the studies The kingdom of Snacking in 2020 through Mondelez global and The Harris ballot, 9 in 10 international adults (88%) say they're snacking extra (60%) or the equal (42%) in the course of the pandemic than before it, with millennials and people who're operating from domestic proper now being especially in all likelihood to say they select snacks over meals (70% and 67%, respectively).

According to the Ministry of Industry Indonesia, the growth of the food and beverage industry for the 2015-2019 period averaged 8.19%. This figure is still above the average growth of other processing industries, which is 4.69%. Cookies have become a culture and tradition of the Indonesian people. People consider cookies to be a must. Indonesian society is dominated by Muslims and has a strong culture of Eid. Even though the Indonesian economy is experiencing a downturn in the Covid-19 pandemic, people are still buying cookies. Therefore, the food industry has a steady growth and a great opportunity for the company.

In the current condition of the company, PT ABC's most income is in the month of Ramadan and Eid al-Fitr. As can be seen in the graph below, for months other than Ramadan and Eid al-Fitr, PT ABC's revenue fell very drastically. The most significant revenue contributor is the IN Cookies brand, identical to Eid al-Fitr. So, the company must diversify its business, one of which is to create a new brand, namely MC Cookies by IN Cookies, which is expected to contribute more income in months other than Ramadan and Eid al-Fitr.



In 2019 the highest net sales were in May accounted for 46% of total net sales 2019 and occurred during Ramadan and Eid al-Fitr. In 2020 the highest net sales were in May accounted for 44% of total net sales in 2019 and happened during Ramadan and Eid al-Fitr. In 2021 the highest net sales were in April and occurred during the month of Ramadan and Eid al-Fitr. At this time, the company's product sales depend on distributors. Distributors have the habit of selling only during the Eid season. This also applies to MC Cookies by IN Cookies. So, MC Cookies by IN Cookies must find the appropriate business strategy to increase sales outside the Eid season. Therefore, the company needs to increase net sales in other months.

2. Literature Review

2.1 Internal Factor Evaluation (IFE) Matrix

Is a tool summarizing and evaluates the major strengths and weaknesses in the functional areas. It also provides a basis for identifying and assessing relationships among those areas. (Strategic Management Concepts and Cases, Fred R. David, 2015).

2.2 External Factor Evaluation (EFE) Matrix

Matrix allows strategists to summarize and evaluate political, economic, social-cultural, and technological. And evaluate the competitive five forces. (Strategic Management Concepts and Cases, Fred R. David, 2015).

2.3 SWOT Matrix

Matching external and internal key factors to generate feasible alternative strategies. (Strategic Management Concepts and Cases, Fred R. David, 2015).

2.4 Internal-External (IE) Matrix

Is a tool that involves plotting a firm's divisions in a schematic diagram. Has nine cells (or quadrants), and three major regions that have different strategy implications. Strategic Management Concepts and Cases. Fred R. David, 2015).

Figure 1. Company Revenue (The amount sales is confidential)

The Quantitative Strategic Planning Matrix (QSPM), which comprises Stage 3 of the strategy-formulation analytical framework, objectively indicates which alternative strategies are best. Strategic Management Concepts and Cases, Fred R. David, 2015).

2.6 Market Development

Market Development involves introducing present products or services into new market. Such as geographic areas, and customer segments. Strategic Management Concepts and Cases, Fred R. David, 2015).

2.7 Reseller

A company that purchases services or goods for resale rather than consumption, A reseller will buy goods for resale and make a profit.

3. Research Methodology

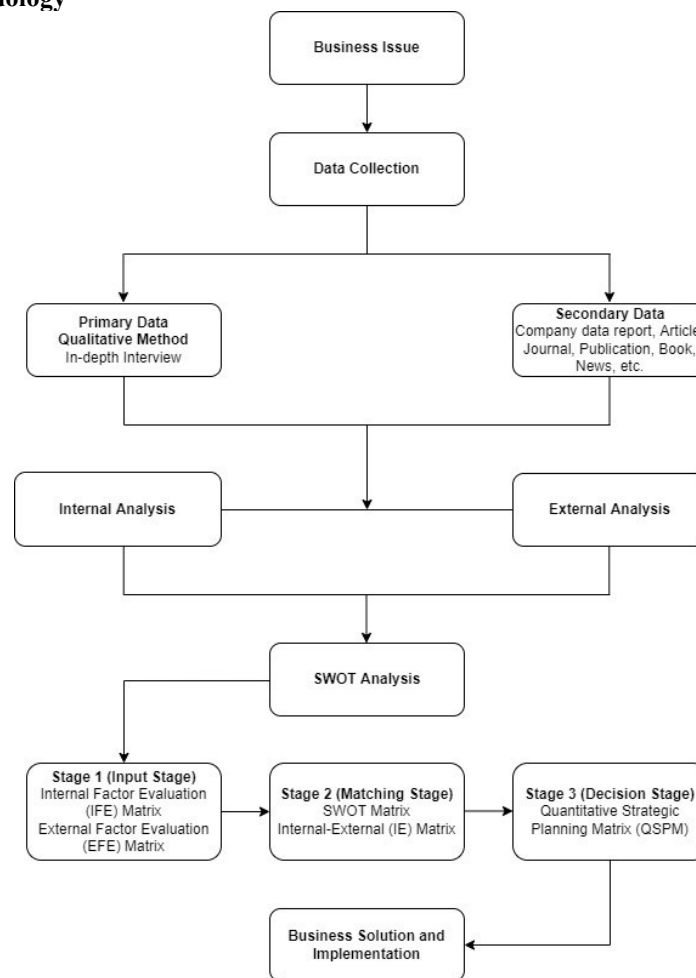


Figure 2. Conceptual Framework

The strategy formulation in this research includes identifying an organization’s external opportunities and threats, determining internal strengths and weaknesses, generating alternative strategies, and choosing particular strategies to pursue. The strategy formulation by using the internal analysis and the external analysis to determine the current condition of the company. After conducting internal and external analysis, summarized in SWOT analysis. The next step is to enter the business formulation, the stage 1 is the input stage by using Internal Factor Evaluation (IFE) Matrix and External Factor Evaluation (EFE) Matrix. The stage 2 is matching stage by using the Strengths-Weaknesses-Opportunities-Threats (SWOT) matrix, which consists of four strategies, namely SO (strengths-opportunities) strategies, WO (weaknesses-opportunities) strategies, ST (strengths-threats) strategies, and WT (weaknesses-threats) strategies. and using the Internal-External (IE) Matrix to determine the company position in a nine-cell display. Stage 3 is the decision stage, by using the Quantitative Strategic Planning Matrix (QSPM). In the end, this research will propose a business solution to be implemented by the company.

The primary data was obtained from a qualitative method, which was conducted with an in-depth interview with 6 correspondents with the board of directors of the company. There are, Director of Sales and Marketing, Company Advisor, President Director, Company Commissioner, and Director of Support and Finance.

3.1 The Input Stage (Stage 1)

From the results of internal analysis, external analysis, and an in-depth interview, obtained strengths, weaknesses, opportunities, and threats for MC Cookies by IN Cookies. In stage 1 is aims to identify and assess relationships among those areas, by using The Internal Factor Evaluation (IFE) Matrix and External Factor Evaluation (EFE) Matrix. The result of The Internal Factor Evaluation (IFE) Matrix, as follows:

Table 1. The Internal Factor Evaluation (IFE) Matrix

No.	Strengths	Weight	Rating	Weight Score
S1	The network in terms of distribution is already strong. The company already has 15 significant distributors in marketing its products until now. Then it has thousands of resellers, spread from Sumatra to Kalimantan.	0.25	4	1.00
S2	The company's facilities already have a national scale factory, with a capacity of 600 people.	0.15	4	0.60
S3	Human resources for cookies production are many and skilled. The company has experience in the cookie industry, since 1992, it has been more than 28 years.	0.08	3	0.24
S4	The company already has more than 135 product recipes.	0.12	4	0.48
No.	Weaknesses	Weight	Rating	Weight Score
W1	Company is still weak in terms of Human Resources management. Weakness in maximizing the resources. Both tangible and intangible resources. Then from the decision side, the decision-making is still slow and inaccurate, so that the project progress will be slow.	0.20	1	0.20
W2	In terms of marketing, there are no products outside the Eid season that are big in terms of profit. The company is already in a comfort zone with the Eid season business model. And more than 40% of the company's profit comes from the Eid season	0.07	2	0.14
W3	Mini Cookies is a new brand with a new segment and target market. So need to conduct a suitable business model to compete in the snack food industry.	0.13	2	0.26
Total Score		1.00		2.92

It can be seen in the table above that the total score of the Internal Factor Evaluation (IFE) Matrix from MC Cookies by IN Cookies is 2.92. This value is included in the average level in the internal-external (IE) matrix, almost close to the value of 3.00, which is strong.

The result of The External Factor Evaluation (EFE) Matrix, as follows:

Table 2. The External Factor Evaluation (EFE) Matrix

No.	Opportunities	Weight	Rating	Weight Score
O1	Demand for cookies is very high until it is not met	0.17	4	0.68
O2	According to data from Euromonitor International, sales of packaged food increased by 36.2% during the period 2015 to 2020. And according to the Ministry of Industry, the growth of the food and beverage industry for the 2015-2019 period averaged 8.19%. This figure is still above the average growth of other processing industries, 4.69%.	0.10	3	0.30
O3	There are still many big cities that have not been focused on product distribution. Due to still focused on the island of Java	0.10	3	0.30
O4	Products outside the Eid season can be strengthened and enlarged. There are still many segments that have not been worked on.	0.13	4	0.52
O5	In January 2021, internet users in Indonesia were 202.6 million users, 73.7% of Indonesia's total population of 274.9 million. Then social media users are 170 million users, 61.8% of Indonesia's total population of 274.9 million people.	0.08	3	0.24
O6	E-commerce users in Indonesia reach more than 150 million people.	0.08	3	0.24
No.	Threats	Weight	Rating	Weight Score
T1	For Mini Cookies, there are competitors from a big factory. Lower prices and more variants. These products are spread across various modern trades	0.15	3	0.45
T2	Large factories are already using Robotic technology has developed rapidly. So it is feared that the homemade method will be eroded	0.10	2	0.20
T3	For the big distributors owned by the company. Regeneration is required because the average age of distributors is above 40 years.	0.09	2	0.18
Total Score		1.00		3.11

It can be seen in the table above, that the total score of the External Factor Evaluation (EFE) Matrix of MC Cookies by IN Cookies is 3.11. This value is included in the high level in the internal-external (IE) matrix.

3.2 The Matching Stage (Stage 2)

The matching stage of the strategy-formulation framework uses two techniques, the SWOT Matrix and the Internal-External (IE) Matrix. In this matching stage, have to match between its internal resources and skills and the opportunities and risks created by its external factors. Matching external and internal key factors is the essential for effectively generating feasible alternative strategies.

3.2.1 SWOT Matrix

A. Strength-Opportunity (SO) Strategies

1. (S1, O1, O2). Supply the MC Cookies by IN Cookies product to the company's existing distributors to sell to their resellers and their existing sales channels. Not only during the Eid season but the company's distributor network can also be used to sell MC Cookies by IN Cookies outside the Eid season.
2. (S2, S3, S4, O4). The company has experienced resources in making cookies, MC Cookies by IN Cookies can make new flavor variants periodically. Every year, two new flavors are released.
3. (S1, O5, O6). MC Cookies by IN Cookies must utilize digital technology. Many features in it, such as free shipping, discounted prices, discounts, and product bundling.

B. Weakness-Opportunity (WO) Strategies

1. (W2, O4). Targeted new customer segments because they are currently following the customer segment of the IN Cookies brand. The suggestion is the millennial generation and generation Z customer segment with Behavioral Workaholic, Traveler, Explorer, Food Enthusiast, Technology Savvy, Movie Addict, and Fun.
2. (W1, W2, O1, O2). Companies need to recruit professional people, in terms of marketing and business development. It aims to accelerate the company's growth, and in decision making will be more precise based on data and analysis from professionals.
3. (W3, O3, O5, O6). To increase brand awareness of MC Cookies by IN Cookies, use the internet in marketing, such as social media, social media ads, google ads, key opinion leaders, online mass media, etc. then, to sell their products, they can use Instagram shops, e-commerce, and websites.

C. Strength-Threat (ST) Strategies

1. (S1, T1, T2). Create a special reseller program for MC Cookies by IN Cookies. It is separated from the old reseller system. A new reseller system for MC Cookies by IN Cookies will be created with programs to stimulate resellers to sell outside the Eid season.
2. (S3, S4, T1). To compete with national and international scale companies, MC Cookies by IN Cookies can compete in terms of product development and utilize human resources who are experts in making cookies. Issue a minimum of 2 new flavors every year. Alternatively, MC Cookies by IN Cookies can collaborate with national and international snack brands.

D. Weakness-Threat (WT) Strategies

1. (W1, T1). Companies need to recruit professional people in their specialty, as in marketing and business development. This strategy aims to be able to compete with competitors. In terms of marketing, business development, and product development.
2. (W2, T3). MC Cookies by IN Cookies has become a brand for companies to contribute sales revenue outside the Eid season, with a new market segment and a new reseller system.

3.2.2 The Internal-External (IE) Matrix

Based on the input stage results (stage 1), the result of the Internal Factor Evaluation (IFE) Matrix is 2.92, and this score is the value for the y-axis. And the result of the External Factor Evaluation (EFE) Matrix is 3.11, and this score is the value for the x-axis. Thus, in The Internal-External (IE) Matrix for MC Cookies by IN Cookies, it is entered into cell II, which is entered into region 1. The appropriate strategy is to be implemented by MC Cookies by IN Cookies is an intensive strategy (market penetration, market development, and product development) or an integrative strategy (backward integration, forward integration, and horizontal integration).

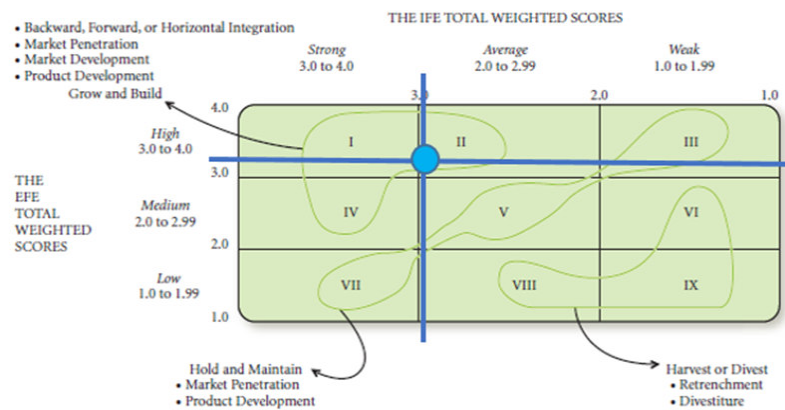


Figure 3. The Internal-External Matrix

3.3 The Decision Stage (Stage3)

According to the in-depth interview, the most appropriate strategy to choose is the intensive strategy. It consists of market penetration, market development, and product development. So in determining the appropriate strategy of the three intensive strategies is to use The Quantitative Strategic Planning Matrix (QSPM).

Table 4. The Quantitative Strategic Planning Matrix (QSPM) Result

Key Factors	Weight	Strategic Alternatives					
		Market Penetration		Product Development		Market Development	
		AS	TAS	AS	TAS	AS	TAS
O1	0.17	3	0.68	4	0.68	4	0.68
O2	0.10	3	0.30	3	0.30	3	0.30
O3	0.10	1	0.10	3	0.30	4	0.40
O4	0.13	1	0.13	4	0.52	4	0.52
O5	0.08	3	0.24	3	0.24	3	0.24
O6	0.08	3	0.24	3	0.24	3	0.24
No.	Weight	AS	TAS	AS	TAS	AS	TAS
T1	0.15	1	0.15	3	0.45	3	0.45
T2	0.10	2	0.20	2	0.20	2	0.20
T3	0.09	3	0.27	2	0.18	2	0.18
Total Score	1.00						
No.	Weight	AS	TAS	AS	TAS	AS	TAS
S1	0.25	4	1.00	2	0.50	2	0.5
S2	0.15	4	0.60	4	0.60	4	0.60
S3	0.08	4	0.32	4	0.32	4	0.32
S4	0.12	4	0.48	4	0.48	4	0.48
No.	Weight	AS	TAS	AS	TAS	AS	TAS
W1	0.20	2	0.40	2	0.40	2	0.40
W2	0.07	1	0.07	4	0.28	4	0.28
W3	0.13	1	0.13	3	0.39	4	0.52
Total Score	1.00		5.31		6.08		6.31

Legend:

- AS = Attractiveness Scores, 1 = not attractive, 2 = somewhat attractive, 3 = reasonably attractive, and 4 = highly attractive
- TAS = Total Attractiveness Scores

Based on the result of QSPM, the highest score is Market Development, the score is 6.31. Therefore, the appropriate strategy to be implemented for MC Cookies by IN Cookies is Market Development.

4. Result

4.1 The New Customer Segment (W2, O4) & (W2, T3)

At this time, the customer segment of MC Cookies by IN Cookies follows from the customer segment of the IN brand. Thus, customer segment renewal is carried out for the market development strategy. The following is the

new customer segment:

Table 5. The New Customer Segment

Geographic	<ul style="list-style-type: none"> Urban and suburban cities in Indonesia.
Demographic	<ul style="list-style-type: none"> Male & Female 21 – 42 years old Millennial generation and Z generation. Monthly expenditure Rp. 1.000.000 - Rp. 3.000.000. SES A, B, C. Occupation (College Student, Government Employee, Private Sector Employee, Housewife, Entrepreneur).
Behavioral	<ul style="list-style-type: none"> Workaholic, Traveler, Explorer, Food Enthusiast, Technology Savvy, Movie Addict, Fun.
Psychographic	<ul style="list-style-type: none"> Experiencers, Strivers. (VALS)

Nowadays, the highest population in Indonesia is dominated by these two generations. Based on "Indonesian Population Census 2020", the total population of Gen Z (centennial) is 74.93 million, or 27.94% of the total population of Indonesia, and the total population of Gen Y (millennial) is 69.38 million or 25.87% of the total population of Indonesia.

4.2 The New Reseller Program Strategy (S1, O1, O2) & (S1, T1, T2)

At this time, the sale of MC Cookies by IN Cookies is still through IN Cookies distributors. Where distributors are used to selling only during the Eid season, MC Cookies by IN Cookies had to create a new reseller system. There will be much dealing with large national and international companies if selling MC Cookies by IN Cookies through modern trade. Therefore, the author proposes a special reseller program for MC Cookies by IN Cookies with a new customer segment. The following is an explanation of the MC Cookies by IN Cookies reseller program:

The MC Cookies by IN Cookies reseller program has four reseller levels. Discounts and minimum purchases distinguish each level. The product type can be adjusted according to the reseller's request. The following is an explanation table for each reseller level:

Table 6. Reseller Package

Package	Discount	Min. Purchase	Total Product (pouch)	Total Product (mini jar)
Mini Pack	20%	Rp. 300.000	19	15
Start-up	25%	Rp. 500.000	33	27
Entrepreneur	30%	Rp. 2.500.000	178	143
Sultan	35%	Rp. 10.000.000	384	308

To become a reseller of MC Cookies by IN Cookies, register for membership first, choose a partnership level package and make payments by transfer if buy through the WhatsApp chat feature or via e-money if buy in e-commerce. Then the MC Cookies by IN Cookies team consulted with resellers related to their sales method. If the reseller has an offline store, it will be supported in offline branding materials such as banners, table displays, etc. If the reseller sells online, a digital marketing kit will be given, in the form of product photos, e-flyers, e-banners, etc. the last is that the product will be sent according to the reseller's address request. Then, resellers will get points that can be exchanged for rewards, such as cars, motorbikes, smartphones, etc.

There are three strategies to run this program, as follows:

- A. Reseller Acquisition (Brand Ambassador, Internet Ads, Telemarketing)
- B. Reseller Maintenance (Free Marketing Kit, Reward Program, Special Discount)
- C. Digitalization (E-commerce, Social Media, Key Opinion Leader)

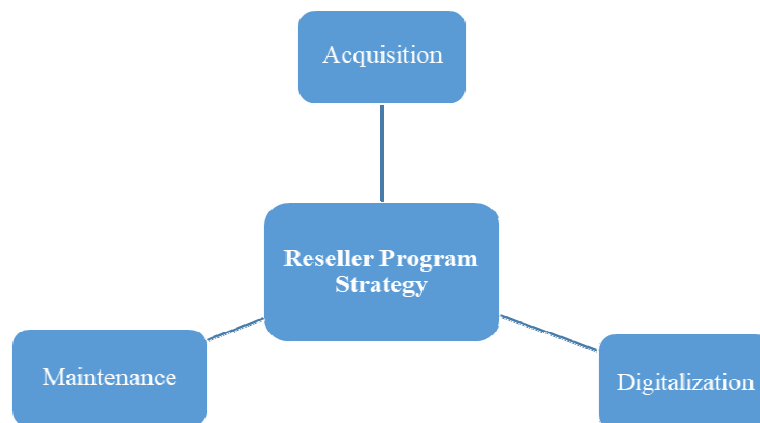


Figure 5. The Strategy of Reseller MC Cookies by IN Cookies

5. Conclusion

The result of internal and external business environment is summarized in SWOT Analysis. The results of internal analysis are strengths and weaknesses. The result of external analysis has obtained the opportunities and threats for the company. The business formulation is carried out using three stages to determine the appropriate business strategy: the input stage, matching stage, and decision stage. The result of the matching stage is the SWOT matrix, as follows:

1. Utilize existing distributors to sell Mini Cookies by Ina Cookies. However, it must be supported by the appropriate program to boost sales outside the Eid season.
2. Conduct product innovations regularly.
3. Using e-commerce as a sales channel.
4. Updating the customer segment.
5. Hiring professional people to accelerate the growth the revenue.
6. Increase brand awareness by using digitalization. Such as social media, chat applications, social media ads, google ads, key opinion leaders, online mass media, e-commerce ads, etc.
7. Create a special reseller system for Mini Cookies by Ina Cookies.

The result of the Internal-External (IE) Matrix in the matching stage is the appropriate strategy for MC Cookies by IN Cookies is an intensive strategy (market penetration, market development, and product development). However, the intensive strategy still has a broad understanding, so a decision stage is needed to determine which strategy priority to choose.

The result of the decision stage is that the appropriate business strategy for MC Cookies by IN Cookies at this time is market development. The market development strategies recommended by the author are creating a new customer segment and a new reseller program, to increase sales outside the Eid season.

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