

FORMULATING COMPETITIVE STRATEGY IN MALANG CITY'S FOOD-BASED SOUVENIRS MARKET

(STUDY AT PIA CAP MANGKOK MALANG)

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ABSTRACT

Strategy Formulation is a method that can be used to achieve the goals and objectives of a business by developing a sustainable competitive advantage through which entered the market to serve the target market, while the factors that can affect strategy comes from internal factors and external factors. This study is made to formulate competitive strategies in the Pia Cap Mangkok Malang. This research is classified as descriptive qualitative research and data collection techniques are carried out by observation, interviews, and documentation. Data analysis was performed using IFE Matrix analysis, EFE Matrix, CPM, IE Matrix, and QSPM. Based on the results of the IFE and EFE matrix analysis, the total IFE weighting score of 2.91 and EFE of 2.86 puts the Pia Cap Mangkok Malang in quadrant V, the strategy that can be implemented in cell V is Hold and Maintain. CPM identifies that Pia Cap Mangkok Malang is in a strong position in a similar industry. The SWOT matrix results are known that the company has several weaknesses in facing the threat. While promising market opportunities and the external environment also support companies to develop. The recommended strategy for companies in cell V is market penetration and product development. QSPM analysis produces a market penetration strategy as the main strategy of Pia Cap Mangkok Malang to increase its competitiveness.

Keywords: Strategy Formulation, IFE, EFE, CPM, IE, SWOT, and QSPM

ABSTRAK

Perumusan strategi adalah metode yang dapat digunakan untuk mencapai tujuan dan sasaran bisnis dengan mengembangkan keunggulan kompetitif yang berkelanjutan melalui mana memasuki pasar untuk melayani target pasar, sedangkan faktor yang dapat mempengaruhi strategi berasal dari faktor internal dan faktor eksternal. Penelitian ini dilakukan untuk merumuskan strategi kompetitif di Pia Cap Mangkok Malang. Penelitian ini diklasifikasikan sebagai penelitian kualitatif deskriptif dan teknik pengumpulan data dilakukan dengan observasi, wawancara, dan dokumentasi. Analisis data dilakukan dengan menggunakan analisis Matriks IFE, Matriks EFE, CPM, Matriks IE, dan QSPM. Berdasarkan hasil analisis matriks IFE dan EFE, skor bobot IFE total 2,91 dan EFE 2,86 menempatkan Pia Cap Mangkok Malang di kuadran V, strategi yang dapat diterapkan dalam sel V adalah *Hold dan Maintain*. CPM mengidentifikasi bahwa Pia Cap Mangkok Malang berada dalam posisi yang kuat di industri serupa. Hasil matriks SWOT diketahui bahwa perusahaan memiliki beberapa kelemahan dalam menghadapi ancaman. Sementara peluang pasar yang menjanjikan dan lingkungan eksternal juga mendukung perusahaan untuk berkembang. Strategi yang direkomendasikan untuk perusahaan dalam sel V adalah penetrasi pasar dan pengembangan produk. Analisis QSPM menghasilkan strategi penetrasi pasar sebagai strategi utama Pia Cap Mangkok Malang untuk meningkatkan daya saingnya.

Kata Kunci: Perumusan Strategi, IFE, EFE, CPM, IE, SWOT, dan QSPM

INTRODUCTION

Malang is one of the destination cities for tourists in East Java with treats typical of natural tourism, cultural tourism, and culinary tourism. From the data gathered from The Central Statistics Agency (BPS) per 2016, Malang receives 5.7 million domestic tourists and 130.000 foreign tourists. It is the biggest number Malang has ever gotten in all its years. The data also showed that Malang number of tourists had increased remarkably from 1.9 million domestic tourist and 4000 foreign tourists. This increased by 200%, and this is a remarkable increase. This development turned out to open opportunities for the tourism industry to be more developed and creating a product that is expected to be able to provide employment and absorb employment and able to bring in foreign exchange for the country.

In economics fields and business studies, the competitiveness of industry and firms has been one of the most important objects of research. As the tourism and industry continue to prosper in the global economy competition, whether it is international or domestic among members of the industries which make it fiercer. Possessing competitive advantages is the key to success for those members.

Strategy determination tends to focus on the company's competitive advantage. The company's competitive strategy is planned and unplanned strategic steps to be able to have a competitive advantage so that it can attract the attention of consumers, strengthen position in the market, and withstand the pressure of competition (Porter, 2008). According to Pitoy et al. (2016), the competing strategy is important because it is used to investigate the problems and factors in applying the company's competitive strategy to retain its customers. While Kuntjoroadi and Safitri (2009) stated that competing strategies are important because it enables the company to overcome environmental forces for the benefit of the company.

The right selection of strategy is needed in running a business among the intense competition to help companies analyze the industry as a whole and able to face the future. Not all strategies can be applied in a company due to different capacity owned by a company in the form of an external environment (opportunities and threats) existing and internal environment (strengths and weaknesses). Therefore, it is necessary to formulate a comprehensive strategy through three stages of decision making, namely the input stage, matching stage, and decision stage.

An important input phase is used to identify the source, which allows and to measure the position

of the company so that it can implement the right strategy when there is competition for long term goals using EFE Matrix analysis tools, IFE Matrix, and CPM. In the matching stage, the researcher used tools to find out alternative strategies with techniques (SWOT Analysis and IE Matrix). The last stage is the decision stage where companies are required to choose alternative strategies that are suitable using the QSPM. With these three stages, *Pia Cap Mangkok* Malang can identify its external and internal factors, which affect their performance in general. With this identification, *Pia Cap Mangkok* Malang is expected to be able to face five competitive forces in the form of entry of newcomers, the threat of substitute products, bargaining power the buyer, the strength of the supplier's bargaining power, and the competition among existing competitors.

As the active role form of the government and society in the development of tourism, especially to deal with the growing flow of tourists, both foreign and domestic tourists, the government and the community have built or provided tourism facilities and infrastructure. With an annual increase in the number of tourists, Malang needs local items or services to make those tourists (both domestic and foreign) experience good trips impression of Malang. One of the ways is with the availability of souvenirs. Souvenirs come in many forms. Ranging from long-lasting goods like clothes or items to food and beverage.

Souvenir is an important component of the tourist experience, with most tourists bringing back mementoes and souvenirs as evidence. People like to be reminded of special moments in their lives and to hold evidence of those special moments. One important activity when visiting a tourist attraction is shopping (Fairhurst et al., 2007; Kim and Littrell 2008). Moreover, buying souvenirs is taken as a significant component when spending money during vacation (Littrell et al., 1994; Lehto et al., 2004). Previous research has shown that almost a third of the total travel expenses is spent on shopping (Littrell et al. 1994; Fairhurst, Costello, and Holmes 2007).

One of the most famous food-based souvenirs in Malang is *Pia Cap Mangkok* Malang. *Pia Cap Mangkok* Malang has been considered as a signature for Malang souvenirs by many tourists who visited Malang. *Pia Cap Mangkok* Malang has been around for a long time and probably one of the oldest establishments in the city which is still going strong until this day. *Pia Cap Mangkok* Malang has been standing from the year of 1959. They have been selling their authentic pia since the early days until

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now and have been keeping their taste like they were in the 60s. People are still eager to purchase *Pia Cap Mangkok* Malang in the year of 2018. Indonesians have the custom to purchase souvenirs wherever they go to some places; this attitude also affected the *Pia Cap Mangkok* Malang sustainability.

However, many people from different backgrounds and places populate Malang and it will cause changes. Although *Pia Cap Mangkok* Malang is still a popular demand, more competitors with different kind of products are flooding the food-based souvenirs market with their unique and different products. One of the recently famous food-based souvenirs that people love to purchase is *Malang Strudel* by TeukuWisnu, which was built in 2014. *Malang Strudel* adopts an international cuisine called *strudel* from Austria and combines it with Malang's apple, and making it as Malang local souvenirs. Another company called Keripik Tempe Malang Rohani is another famous food gifts that has been around since the early 2000s, this company mainly sells *tempechips* in various flavors.

Every business has competitors in the same business field; then the strategy is one of the important determinants in shaping competitive business advantage. In a tight competition, formulations are needed in running a business. So, a strategy that will determine the success of a business. To produce a competitive advantage is how companies are able to apply five generic strategies according to their practice. With the present competition in the food-based souvenirs business in the Malang, *Pia Cap Mangkok* Malang is demanded to be able to survive in competition and can avoid the transfer of customers. It takes a suitable competitive strategy to find out the best steps to run in order to maintain the company's existence.

LITERATURE REVIEW

Strategy

According to the great dictionary of Indonesian Language, strategy is a careful plan to achieve goals. The word strategy is also a derivation from the Greek *Stratēgos*, which can be translated as something done by the generals of war in making plans for winning the war. The word strategy has initially been a term that is often used the military to plan a course of action to win the war. The right strategy and plan will achieve triumph and success. David and Forest (2015:3) defined strategic as the art and science of strategic in formulate, implement, and evaluating cross-functional decisions that make the organization can obtain their goal.

Pearce and Robinson (2013:4) referred strategy as a large-scale, long-term plan oriented to interact with a competitive environment to achieve company goals. According to Hunger and Whelen (2003:16), strategy is a formulation of comprehensive planning about how the company would achieve its vision and mission.

Based on the understanding of strategic experts above, it can be concluded that strategy is a comprehensive planning process consisting of planning itself, implementation, and evaluating all elements in the organization to achieve short-term and long-term organizational goals.

Most academics classify strategy to three levels. The first level of strategy in the business world is corporate strategy, which sits at the 'top of the heap'. At a most basic level, corporate strategy will outline exactly what businesses you are going to engage in, and how you plan to enter and win in those markets. The second levels is business strategy, it is best to think of this level of strategy as a 'step down' from the corporate strategy level. In other words, the strategies that you outline at this level are slightly more specific and they usually relate to the smaller businesses within the larger organization. The third one is functional strategy, this is the day-to-day strategy that is going to keep your organization moving in the right direction. Just as some businesses fail to plan from a top-level perspective, other businesses fail to plan at this bottom-level. This level of strategy is perhaps the most important of all, as without a daily plan you are going to be stuck in neutral while your competition continues to drive forward.

Management Strategy

Nowadays, business is directly proportional to the development of technology and the environment, where technology and environmental impact on how the selection of the right strategy in a business organization. The success of an organization is determined by the ability of top-level management in setting the right strategy to run the organization by utilizing environmental organizations as well as organizing the right internal resource. The process of determining a strategy based on the thinking of top management strategies as well as experience in environmental situations that continue to change in the organization's decision-making system both operational as well as functional.

According to David (2015:7), management strategies can be defined as the art and knowledge in formulating, implementing, and evaluating cross-

functional decisions that enable the organization achieving its goal. It means the function of management strategy focuses on efforts to integrate management, marketing, finance/accounting, production/operations, research and development, and computer information systems to achieve the objectives of the organization. Management strategy is used for formulating, implementing, evaluation strategies.

It can be concluded that management strategies are a game of tactics to face competition and achieve success. Therefore, it is a good management strategy will be able to bring the company to the faced business in a ready condition.

Selection of Strategy

As explained by David (2015:176),important strategy-formulation techniques can be integrated into a three-stage decision- making framework. The process of determining the strategy is through three stages and a variety of analysis tools in every stage.

The first stage is referred to as the input stage. In this stage is done for environmental factors identification that affects the company. Internal environment factors analyzed through IFE (Internal Factor Evaluation) Matrix and Competitive Profile Matrix (CPM), as for the external environment factors analyzed through EFE (Matrix External Evaluation).

The second stage is the matching stage. In this step, the results of the analysis of both internal and external environments obtained from either the input stage or directly from the matching stage will be combined in a single analysis tool that ultimately will give recommendations to the corporation for using a particular strategy. Analysis tools that can be used in the matching stage include a Strength Weakness Opportunities Threat (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BSG) Matrix, Internal-External (IE) Matrix, and Grand Strategy Matrix.

The last stage is the determination of the strategy or the decision stage, according to David (2015). The matrix used in decision stageis the Quantitative Strategic Planning Matrix (QSPM). In QSPM Matrix shown alternative strategies that have been recommended by several analysis tools on matching stage, and then selected the most appropriate strategy and a priority for the company by always consider the analysis of both internal and external environments which are obtained from the input stage.

External Factor Evaluation Matrix (EFE)	Internal Factor Evaluation matrix (IFE)	Competitive Profile Matrix (CPM)
2 nd STAGE: THE MATCHING STAGE		
Internal-External Matrix (IE)	Strength Weakness Opportunities Threat Matrix (SWOT)	
3 rd STAGE: THE DECISION STAGE		
Quantitative Strategic Planning Matrix (QSPM)		

Figure 1 – Conceptual Framework

Source: Fred R David (2015)

RESEARCH METHOD

The type of the research is qualitative method. This research aims to formulate competitive strategy of Pia Cap Mangkok Malang based on their internal and external factors. The location and period for this research is at Pia Cap Mangkok Malang Soekarno Hatta branch located at Ruko Grand, Jl. Soekarno Hatta No.Kav. 16-17, Mojolangu, Lowokwaru, Malang. The consideration for this location is because This research was conducted in earlyMarch 2019 until late March 2019. The tools that will be used to analyze the obtained data are IFE & EFE Matrix, CPM, IE Matrix, SWOT Matrix, and QSPM

RESEARCH RESULTS AND DISCUSSION

Internal Environment Analysis

IFE Matrix Analysis

To determine the internal environment that affects the required strategy for the company, the researcher did the analyzing through Internal Factor Evaluation (IFE) matrix. Through IFE, it can be determined the company’s strengths and weaknesses that eventually will be met with the company’s external strategy. The results are based on internal environment analysis; it can be described as follows:

Strength.

- a. **Strong brand image.** Because of its long legacy, people have known *Pia Cap Mangkok* Malang as one of the trademarks of Malang-souvenirs. When people mention Malang, one of the thoughts is *Pia Cap Mangkok*. The logo with the shape of the bowl and its red color, once people see it, they will notice that it is *Pia Cap Mangkok*. Not just that, but when they heard the name *Pia Cap Mangkok*, they know they are getting a delicious set of *pia* that comes from the region called Malang
- b. **Quality of the products.** The freshness of the *pia*. Every day is production day for *Pia Cap*

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1st STAGE: THE INPUT STAGE

Mangkok Malang. They make their *pia* daily to maintain the freshness of the *pia* they are selling. They make it locally inside their store with the same recipe since 1959. They always use high-quality ingredients and the right equipment in order to get that signature crispy outer skin that makes *Pia Cap Mangkok* Malang well-known. While for the products from outside the company, they are always selective towards the products that go onto the shelves of their store. There are criteria that have to be met in order for outside products to be able to be sold in *Pia Cap Mangkok* Malang store.

- c. **Accessibility to get the company's product.** By utilizing the digital platform that easily accessible by many people. *Pia Cap Mangkok* has put their *pia* in some of the well-known online retailers. *Pia Cap Mangkok* Malang product can be found online through Tokopedia and Go-jek. In order to reach more customers, *Pia Cap Mangkok* has realized the benefit and potentials of online transaction. Nowadays, if someone wants to eat *Pia Cap Mangkok* they do not have to buy it directly in the physical store but anyone can find it online and do the purchase outside Malang.
- d. **Operating hours.** *Pia Cap Mangkok* Malang open 7 days a week from 8 in the morning until 8 in the evening. The owner mentions that *Pia Cap Mangkok* also opens during national holidays that include Christmas, Eid Fitr, and new year's holiday. Those holidays time are the busiest time compares to regular business days. By opening in holidays and open 12 hours a day for the entire week, *Pia Cap Mangkok* Malang owner mentioned, how opening during holidays improve their profit by quite a hefty sum.
- e. **Variety of the product.** *Pia Cap Mangkok* Malang is famous for its *pia*. The *pia* alone is available in seven different flavors and three different packaging sizes. To gather more attention for their customers, *Pia Cap Mangkok* Malang also provides various products that are made locally by the people in Malang. There are many options, if one does not like the *pia* they can get the chips, for example. By enlarging the number of products they have, it will gain and attract more potential customers and reap more profit for the company because many customers are tempted and curious to try the unique products

that are available to choose from the store shelves.

- f. **Location of the store.** The main branch of *Pia Cap Mangkok* Malang is located in Soekarno Hatta Street, which is one of the main streets in Malang. That alone will make access easier for people to get their hands to *Pia Cap Mangkok* Malang products. The location itself is strategic because almost most people need to go through that street to get to the airport, many tourists will pass through the street to get to the airport and eventually they will be attracted to try one of Malang famous souvenirs.
- g. **The store ambience.** A good product will be even more successful if the store is comfortable and pleasant. *Pia Cap Mangkok* Malang put investment to make their store as comfortable as it can for the customers. By providing proper lighting to the products and room, a good air condition room, sitting location for tired costumers many will surely enjoy the shopping experience in *Pia Cap Mangkok* Malang store.

Weaknesses.

- a. **Service inconsistency.** Based on the researcher's interview with the owner. One of the main services, when customers come inside the store, is to give the customers a traditional Javanese greeting to the customers and to assist them when the customers are inside the store immediately. However, during the researcher visit to the store a couple of time, these services did not exist.
- b. **Parking lots.** Despite the strategic location of the store, one flaw of the store is its parking space. Especially for cars and buses, there are barely spaces for cars, let alone buses because tourist sometimes comes in a crowd, and the buses will disrupt the traffic and cause a traffic jam. Sometimes the space for parking is not available, and some customers are required to make a detour to get around the street or find a parking lot in a few buildings away from the store.
- c. **Availability of the item.** Miscommunication is the weakness that every company has. However, in *Pia Cap Mangkok* Malang case, miscommunication happens because of unavailability of the particular item. Some

customers want to get their goods ready in the morning, but sometimes these customers bought in large quantity and the clerks could not give the item because production finishes during the noon. Some flavors of the *pia* sometimes are also not available for the customer. Unique flavors like green tea and coffee are produced only on Friday. Because of that, customers who wanted to purchase on any other day cannot get their hands on those particular flavors.

- d. **Taking a threat lightly.** From the interview, when the researcher asked how will they response towards the emerging competitors that pop here and there, *Pia Cap Mangkok* Malang said that they do not mind them. The reason is; they believe the current competitors that are competing will not shake *Pia Cap Mangkok* Malang market and income. It might be true right now, but as a successful company that has a long legacy and stories. Being vigilant and stay alert with the condition of the market is a better mindset for the company.

Based on the analysis above, we can create IFE matrix as follows:

Table 1 *Pia Cap Mangkok* Malang IFE Matrix

Key Internal Factors	Weight	Rating	Weighted Score
Strengths			
1. Strong brand image	0.15	4	0.6
2. Quality of the Products	0.11	4	0.44
3. Location of the store	0.11	4	0.44
4. Product variety	0.08	4	0.32
5. The store ambience	0.08	3	0.24
6. Accessibility of the products	0.07	3	0.21
7. Operating hours	0.07	3	0.21
Weaknesses			
1. Parking lot space	0.11	1	0.11
2. Service Inconsistency	0.10	1	0.10
3. Product non-availability	0.07	2	0.14
4. Taking threat too lightly	0.05	2	0.10
Total	1.00		2.91

Source: Processed Primary Data (2019)

Rating Explanation:

1 = Major Weakness 3 = Minor Strength
2 = Minor Weakness 4 = Major Strength

Description of IFE Matrix Analysis Results:

1. Weight ranges from 0.0 (not important) to 1.0 (all-important) to each factor. The weight assigned to a given factor indicates the relative importance of the

factor to be successful in the firm's industry. Regardless of whether a key factor is an internal strength or weakness, factors considered to have the greatest effect on organizational performance should be assigned with the highest weights. The sum of all weights must equal 1.0. Rating indicates whether that factor represents a major weakness (rating = 1), a minor weakness (rating = 2), a minor strength (rating = 3), or a major strength (rating = 4) (David, 2015:122).

2. Internal factors are the key to *Pia Cap Mangkok* Malang. This fact is obtained from the results of interviews and observations data that is obtained from *Pia Cap Mangkok* Malang regarding the company's internal environmental conditions.
3. Weight is given for direct observation qualitative analysis of *Pia Cap Mangkok* Malang based on the results of interviews with the owner of the company. Weight or level of influence of factors on the company arises due to the company's internal analysis.
4. The weighted average value is obtained by multiplying the influence weight of factors on the rankings owned by *Pia Cap Mangkok* Malang.
5. The ranking that is given to *Pia Cap Mangkok* Malang is done through analyzing data and observations of the company directly, by considering what the weaknesses and strengths of the company with input in the form of internal analysis at the beginning of the IFE matrix preparation.
6. The total weighted value of the IFE matrix of *Pia Cap Mangkok* Malang is 2.91. Based on the theory, it can be concluded that if the total weighted value of the IFE is above 2.5, it can be said that the company is internally strong. However, there is still a gap that needs to be improved.

EFE Matrix Analysis

The company's external environment includes environmental factors outside the company that are able to affect the company's operational activities significantly. The external environment of the company provides opportunities and threats to the company. External factors that can provide opportunities and threats for *Pia Cap Mangkok* Malang are economic factors, social culture factors, demographic factors, government factors, and technological factors.

1. Economic Factors

Food and beverages are a primary need of society; primary needs are the main needs or the basic

needs that must first be fulfilled to maintain life. The food and beverage industry are considered capable of being instruments that play a role in promoting equal development and public welfare. According to the Minister of Industry, the potential domestic food and beverage industry is quite large; even its growth is almost twice of national economic growth which is equal to 9.5%, while economic growth is equal to 5% (Ministry of Industry, Republic of Indonesia, 2017).

2. Demographic Factors

The population of Malang as of December 31, 2018, amounted to 861,414 people spread in 5 sub-districts, compared to 820,243 people in the year of 2010, according to Malang Central Statistics Agency Data (BPS). Malang in the range of 7 years is able to increase 0.7% in domestic numbers alone. If we add the number of tourists that visit Malang in a year, the number is staggering. In 2018 alone, based on Malang Central Statistic Agency Data (BPS) from domestic tourists, there are 1,079,000 people and 45,368 foreign tourists who visited Malang in 2018. The increase in population in Malang is largely due to the presence of newcomers, the majority of whom are students and many new attractions that pop up in Malang and its near region Batu (Malang Municipality in Figures, 2018).

3. Social and Culture Factors

Social factors that influence the company are the beliefs, values, attitudes, opinions, and lifestyles of people around the company's external factors, which are developed from cultural, ecological, demographic, religious, educational, and ethnic influences. When social factors change, it changes in demand for various types of clothing, books, leisure activities, and so on. Social factors are external factors that are dynamic and always change according to the needs and desires of people who are seeking for satisfaction. Estimates of social factors are difficult because they are always changing, but analyzing these social factors can help companies to remain in the business path.

4. Government Factors

Based on Malang's regional development vision and mission in 2013-2018, 12 (twelve) objectives were set, one of it was the realization of an increase in the regional economy through strengthening the economic sector and small and medium enterprises, industry and trade, and regional tourism. It means to increase economic activity and cooperative quality, as well as the work ethic of

SMEs. The contribution of SMEs to total GDP, with the achievement of 101.48% including the Very Successful category, which came from the calculation of the target of 54.67%. It made Malang receive the Nata Mukti Pranata (Cooperative Field Award, UMKM Development Award) from the International Council for Small Business (ICSB) Indonesia in collaboration with the Ministry of Cooperatives and Small and Medium Enterprises because of its success in promoting the sustainability of Micro, Small and Medium Enterprises (UMKM) and create its ecosystem very well.

5. Technological Factors

The development of technology, especially in the world of culinary industry technology, can help all functional to be used and developed by *Pia Cap Mangkok* Malang. The development of operational kitchen equipment technology will affect the quality of the produced products. At present, the *Pia Cap Mangkok* Malang already uses special tools that help its operational processes and production in its services to consumers; this sees how technology greatly influences the performance of a company or organization. Utilizing and maximizing technology in the operational field can also cut production costs, so *Pia Cap Mangkok* Malang can maximize the profits they want to get. The internet is also increasingly advanced with a place for the culinary industry to market its products on the internet. Social media like Instagram, Whatsapp, Facebook, and online buying and selling platforms like Tokopedia, Shopee, and Go-jek help *Pia Cap Mangkok* Malang in reaching its target market and making it easier for businesses to market their products.

Analysis of External Factor Evaluation Matrix (EFE)

The external factor evaluation (EFE) matrix is used to analyze company external environmental factors. This matrix is based on an analysis of the company's external environment by giving weight and value-weighted on each factor that affects the company. This EFE matrix includes analysis of government factors, economic factors, technological factors, social culture factors, demographic factors, geographic factors, and competitor factors. Analysis of the company's external environment must be objective in order to find opportunities that can be exploited by the company and threats that emerge from the external environmental analysis of *Pia Cap Mangkok* Malang.

Opportunities

1. **The increase number of Malang's citizen and tourist.** As of December 31, 2018, there are 861,414 people spread in 5 sub-districts, compared to 820,243 people in the year of 2010, according to Malang Central Statistics Agency Data (BPS). In 7 years, Malang is able to have 0.7% of the domestic citizen. Add the number of tourists that visit Malang in the year of 2018 alone based on BPS from domestic tourists there are 1,079,000 people and 45,368 foreign tourists who visited Malang in 2018 alone.
The phenomenon of yearly and even monthly increase in the number of people in Malang will positively become the potentials target market for *Pia Cap Mangkok* Malang to expand its business and increase its sales.
2. **The rise of people's purchasing power.** Community growth in the city of Malang has an impact on increasing people's purchasing power. It is seen from the change in the calculation of Gross Regional Domestic Product (GRDP) with the base year of Malang, which is 42.819 billion rupiahs and in the year of 2017 Malang GRDP produces a significant increase to 62.359 billion rupiahs. Where in 2017, the food and beverage sector in Malang experienced the second fastest growth after the transportation and warehousing sector with a growth of 8.34% (Malang Municipality in Number, 2018).
3. **The effort of Malang government towards tourism.** Deputy Mayor of Malang, Drs. Sutiaji emphasized the importance of the tourism sector to boost the economic power of the community. Based on that, the Malang government in the past few years has seriously boosted the development of the tourism sector to increase regional income. At this time, it is important to develop human resources. Because we are aware that Malang does not have a natural potential for tourism, but the government (Malang) is committed to not only being a tourist transit, but also as a tourist destination (Malangkota, 2017).
4. **Technological advancement in the past years.** With the fast advancement of technology, especially with the connectivity of the internet, many platforms are emerging here and there to make the life of many individuals easier. One of the results of the internet is social media like Instagram, Whatsapp, Facebook, and online buying and

selling platforms like Tokopedia, Shopee, and Go-jek. All those easy to access and cheap platform even free service can be used by *Pia Cap Mangkok* Malang in reaching its new target market and doing their businesses to market their products more accessible for many people..

5. **Tourism Industry roles in the Indonesia national Economy.** Every year the performance of the tourism industry is experiencing the trend to have a development each year. The trend is very contrasting compared to other commodities, such as oil, gas, coal, and oil palm, which continue to decline. Besides, tourism is also considered to have advantages because the majority of its activities are in the service sector. It was evident in 2016; tourism foreign exchange reached USD 13.5 billion per year. Only lost from crude palm oil of USD 15.9 billion per year. Whereas in 2015, tourism was still ranked fourth as the largest foreign exchange contributor sector. In 2017, the contribution of foreign exchange from the tourism sector shot to around USD 16.8 billion. This figure is predicted to increase by 20% to around USD 20 billion in 2018. Indonesia's tourism sector itself is projected to be able to contribute to the gross domestic product by 15% in 2019. Which means it produces around Rp280 trillion for foreign exchange and can absorb 13 million workers in 2019 (CNNIndonesia, 2018).
6. **Indonesian people enthusiasm to purchase *oleh-oleh* and new products.** No matter where we go either travelling domestically or internationally, we often purchase an item for our relatives or loved ones in our home. With this culture in mind, many companies, including *Pia Cap Mangkok* Malang, can utilize this culture or lifestyle to develop their market further to increase their revenue. By seeing this trend, the company can attract new customers and loyal customers further to purchase the new products that the company made. For example, by creating a new taste or new varieties towards the existing products. It will attract more people because people are interested in trying a new item that they have never tried before. Indonesian people also loved to tell their experience when they went somewhere or tried something new, with a

good product being sold, it will automatically spread by word of mouth from the people.

Threats

1. **Emerging competitors.** *Pia Cap Mangkok* Malang has existed for 60 years and still going. However, it still does not erase the fact that many competitors are emerging here and there. There are many competitors who recently also indulge themselves in food-based products gifts (*oleh-oleh*). One example is Malang Strudel. This company despite not as old as *Pia Cap Mangkok* Malang but still plays a role in the market that *Pia Cap Mangkok* Malang in. Malang Strudel for example although they were opened in 2014 which is only 5 years ago, they have managed to establish 8 branches scattered in Malang and its surrounding. Moreover, this is from one company alone.
These newcomers will take part in the market share, which can endanger the sustainability of *Pia Cap Mangkok* Malang. The rapid development of the tourism industry in the city of Malang is a factor in the arrival of many tourists and is predicted to continue to rise in the following years to come.
2. **Wide choice of products substitutes.** Product substitutes of *Pia Cap Mangkok* Malang can be viewed from a direct competitor who sells similar products (in this case, *pia*) or competitor who sells food gifts but in a different form. Product substitutes by a competitor who sells *pia* can be seen as imitation in this case. Based on the researcher's own experience in some gift shops, they sell many *pia* in which these *pias* recognized themselves as a trademark of Malang food. They brand themselves as good and as attractive as they can, but the quality that this imitation *pias* give lacks in so many ways compares to the quality of the *pia* from *Pia Cap Mangkok* Malang.
The second brand substitutes are the competitor who sells food gifts for Malang but establishes not as long as *Pia Cap Mangkok* Malang. These competitors are well known too by many people such as Malang Strudel who sells pastries as its main product and Keripik Tempe Malang Rohani who like the name suggest sells *keripiktempe*. It is a threat to *Pia Cap Mangkok* Malang products because it can affect sales revenue and market

share gained due to the many productions of substitutes on the market.

3. **Tight competition among food gifts company.**
The competition that occurs in this industry in East Java, especially Malang, competes closely. Especially in the last five years, there have been more and more threats from newcomers to the *Pia Cap Mangkok* with similar or not similar concepts and competition faced directly or indirectly by *Pia Cap Mangkok* Malang. Companies with various brands that are also competitors for *Pia Cap Mangkok* Malang such as *Malang Strudel*, *Keripik Tempe Rohani*, *Lapis Malang*, *RepoeblikTelo*, *Aneka KeripikBuah* are some of the competitors companies that must be noticed by *Pia Cap Mangkok* Malang.
4. **Inflation in Malang.** Inflation is one of the macroeconomic indicators of a region. The high inflation rate will have an impact on the sluggish economy of the community. Inflation in Malang, which tends to show an increase, especially towards the month of Ramadan will have a bad impact in the context of business development. As of March 2019, alone, inflation occurred at a rate of 2.48% (Bank Indonesia, 2019).

Based on the analysis of key external environmental factors of the *Pia Cap Mangkok* Malang, the EFE matrix can be arranged as follows:

Table 2 – *Pia Cap Mangkok* Malang EFE Matrix

Source: Processed Primary Data (2019)

Rating explanation:

- 1 = Company's response is poor
- 2 = Company's response is average
- 3 = Company's response is above average
- 4 = Company's response is superior

Description of EFE Matrix Analysis Results:

1. Weight that ranges from 0.0 (not important) to 1.0 (very important). The weight indicates the relative importance of that factor for being successful in the firm's industry. Rating between 1 and 4 to each key external factor to indicate how effectively the firm's current strategies respond to the factor, where 4 = the response is superior, 3 = the response is above average, 2 = the response is average, and 1 = the response is poor. Ratings are based on the effectiveness of the firm's strategies. Ratings are thus company-based, whereas the weights are industry-based. It is important to note that both threats and opportunities can receive a 1, 2, 3, or 4. (David, 2015:80).
2. External Key Factors of the *Pia Cap Mangkok* Malang are obtained from interviews and direct observation of the current state of the external *Pia Cap Mangkok* Malang environment.
3. Weight is given to the qualitative analysis of direct observation of the *Pia Cap Mangkok* Malang by the results of interviews with the owner in the company. The weight or level of influence of factors on the company arises due to the company's external analysis.
4. Rank grades 1-4 are obtained from the results of qualitative observations based on the company's response to external factors that affect the company. Ratings were also obtained from the results of discussions with *Pia Cap Mangkok* Malang owner.
5. The highest total weighted value for an organization is 4.0, and the lowest weighted value is 1.0. The total weighted average value is 2.5. Total weighted value 4.0 identifies that the organization responds very well to the opportunities and threats that exist in its industry. While the total value of 1.0 identifies that the company's strategy does not take advantage of opportunities or does not avoid external threats.
6. The total score of the *Pia Cap Mangkok* Malang Matrix is 2.86, which indicates that the ability of the *Pia Cap Mangkok* Malang in responding to external factors opportunities and threats is quite good above the average. The total weighted score

of 2.86 is above the average (midpoint) of 2.5, so *Pia Cap Mangkok* Malang is doing pretty well by taking advantage of the external opportunities and avoiding the threats facing the company.

Competitive Profile Matrix

Competition in the gift food sector will be determined by factors that influence competitive advantage in the food industry. *Pia Cap Mangkok* Malang, a trademarked company which has the main product of authentic crispy *piain* several flavors filling which has strong competitors in the same industry namely the *Malang Strudel* and *Keripik Tempe Rohani*

Competition in the food industry is influenced by several variables from the external environment and internal environment. Comparison of competitive advantages between culinary industries is done by using Competitive Profile Matrix (CPM). From the results of interviews with the owners of *Pia Cap Mangkok* Malang, the variables that influence the

Key External Factors	Weight	Rating	Weighted Score
Opportunities			
1. The increase number of Malang's citizen and tourist	0.11	4	0.44
2. The rise of people's purchasing power	0.11	3	0.33
3. The efforts of Malang government	0.11	2	0.22
4. Technological advancement	0.08	2	0.16
5. Tourism Industry roles in the Indonesia national economy	0.11	3	0.33
6. Indonesian people enthusiasm to purchase <i>oleh – oleh</i> and new products	0.08	3	0.21
Threats			
1. Emerging competitors	0.13	4	0.52
2. Product substitution	0.11	2	0.22
3. Tight competition among food gift's company	0.11	3	0.33
4. Inflation in Malang	0.05	2	0.10
Total	1.00		2.86

competition of the food gift industry are: product quality, service quality, competitive prices, marketing activities (especially digital marketing), places, facilities, production technology, operational equipment, market share, and brand image. All of the above variables are recognized as factors that can show the strengths and weaknesses of the food gift

industry. Based on the competitor analysis, Pia Cap Mangkok Malang Competitive Profile Matrix (CPM) can be arranged as follows:

Table 3 – Pia Cap MangkokMalang CPM

Critical Success Factors	Weight	Pia Cap Mangkok Malang		Malang Strudel		Keripik Tempe Rohani	
		Rating	Score	Rating	Score	Rating	Score
Product Quality	0.25	4	1	3	0.75	4	1
Service Quality	0.1	3	0.3	3	0.3	3	0.3
Competitive Pricing	0.1	4	0.4	3	0.3	4	0.4
Marketing Activities	0.2	3	0.6	4	0.8	1	0.2
Place and Facility	0.1	3	0.3	4	0.4	2	0.2
Operational Tools	0.15	3	0.45	3	0.45	2	0.3
Market Share	0.04	3	0.12	3	0.12	3	0.12
Brand Image	0.05	4	0.2	3	0.2	3	0.15
Total	1.00		3.37		3.32		2.67

Source: Processed Primary Data (2019)

Rating explanation:

1 = Major weakness 3 = Minor strength
2 = Minor weakness 4 = Major strength

Remarks on the Results of the Competitive Profile Matrix Analysis (CPM)

1. Determinants of success are arranged based on the results of interviews and discussions with the owners of *Pia Cap Mangkok* Malang regarding the factors that influence the competition of *Pia Cap Mangkok* and other competitors. Eight determinants of success are the most important factors chosen from the key factors that influence competition that exists in the competition of the food industry.

2. Weight is given based on the level of factors importance in influencing the competitiveness of the food industry. Weight was based on direct observations to the field by comparing *Pia Cap Mangkok* Malang with its competitors, namely Malang Strudel and Keripik Tempe Rohani. The results of direct observation were then compared with the opinions of the owners of *Pia Cap Mangkok* Malang, and weights were obtained based on the importance of the factors.

3. The rating is given qualitatively by considering objectivity in the assessment. The ranking is obtained by giving value to each gift food industry by comparing directly to the field regarding the determinants of success in each gift food industry, namely Malang Strudel and Keripik Tempe Rohani.

4. The total value is the comparison value in the gift food industry that is compared. The value is obtained

by summing all the multiplication values between the weight and ranking of the gift food industry. The lowest value is the gift food industry, which is weak in competition.

5. From the Competitive Profile (CPM) matrix above, the highest order of values is 1) *Pia Cap Mangkok* Malang (3.37), 2) Malang Strudel (3.32), and 3) Spiritual Tempe chips (2.67). It indicates that *Pia Cap Mangkok* Malang became in the first place and Malang Strudel was ranked the second with a lower value slightly with the superiority of the marketing activities they performed along with the places and facilities they provided. While Keripik Tempe Rohani ranks third, even though it ranks last, but they excel in the product quality segment and the competitive price.

6. From the CPM Matrix above, it can be concluded that product quality and marketing activities are the main determinants of success because the quality of products presented must meet the standards of various groups, and by marketing products on various platforms will result in higher rankings in this table. It is a conclusion from the results of interviews and direct observations at *Pia Cap Mangkok* Malang and competitors in the gift food industry.

7. From the CPM Analysis, it is also known that the strategic key factors which are the competitive advantage of *Pia Cap Mangkok* are product quality, brand image, and competitive prices. While for Malang Strudel is brand image, marketing activities, and place and facility. Moreover, Keripik Tempe Rohani is competitive prices and the quality of their products.

Strategy Analysis

After external environment analysis, internal environment analysis and competition analysis have been carried out as input stages. The next step in formulating the competitive strategy of *Pia Cap Mangkok* Malang is an analysis of strategy choice. Analysis of strategy choices will provide an alternative for *Pia Cap Mangkok* Malang regarding strategies that can be used based on internal and external environmental analysis of *Pia Cap Mangkok* Malang.

Input from the EFE Matrix and IFE Matrix can be used to compile a SWOT Matrix and Internal External Matrix (IE) to provide a choice of strategies for *Pia Cap Mangkok* Malang. The SWOT matrix will provide an overview of the opportunities, threats, strengths, and weaknesses of *Pia Cap Mangkok* Malang so that it will provide a choice of strategies that should be used to compete in the culinary industry. The IE matrix uses a weighted value in the

EFE matrix and the IFE matrix can provide a balance of values between the external and internal environments so that it provides the right strategic choice.

SWOT Matrix

The SWOT matrix is made by compiling the key external and internal factors in the specified cell. In this matrix, alternative strategies can be formulated by matching the strengths, weaknesses, opportunities, and threats that the company has.

Based on the analysis of the external environment and the internal *Pia Cap Mangkok Malang*, the SWOT matrix analysis can be view as follows:

Table 4 – Pia Cap Mangkok Malang SWOT Matrix

IFE EFE	Strengths (S)	Weaknesses (W)
	<ol style="list-style-type: none"> Strengths (S) Strong brand image Quality of the products Location of the store Product variety The store ambiance Accessibility to get the products Operating hours 	<ol style="list-style-type: none"> Parking lot space Service Inconsistency Product non-availability Taking threat too lightly
Opportunities (O)	SO Strategy	WO Strategy
<ol style="list-style-type: none"> The increasing number of Malang's citizen and tourist The rise of people's purchasing power The effort of Malang government towards tourism. Technological advancement in past years Tourism Industry roles in the Indonesia national Economy. Indonesian people enthusiasm to purchase oleh- 	<ol style="list-style-type: none"> Optimizing promotions to maximize market share Maintaining the quality standards of the main products Continue to innovate in the types of products offered and utilize technology for all businesses functional Creating intrigue promotions by utilizing the brand and tourism opportunity Picking up new customers by participating in events outside of the store 	<ol style="list-style-type: none"> Creating a marketing functional team who specialized in managing social media to maximize the current target market further and gain more audience Better inventory system to update the product listed up to date in real time Increase awareness of the employees to perform better

oleh and new products		
Threats (T)	ST Strategy	WT Strategy
<ol style="list-style-type: none"> Emerging competitors Wide choice of products substitutes Tight competition among food gifts company Inflation in Malang 	<ol style="list-style-type: none"> Conduct marketing strategies that educate about the company's tradition and long history Increasing competitiveness by innovating and maintaining in terms of the quality of products, services, and facilities provided to consumers Identify competitor details properly and look for weaknesses 	<ol style="list-style-type: none"> Establish a mapping strategy to decide what products caught the interest of the customers Expand the place to accommodate more customers Focus and stay true to the identity what makes the company great for a long time

Source: Processed Data (2019)

Explanation of SWOT Analysis Results:

1.SO Strategy (Strength-Opportunity) is a strategy to use the company's internal strength to take advantage of opportunities that exist in the company's external environment.

2.The WO (Weakness-Opportunity) strategy is a strategy that aims to reduce the company's internal weaknesses by exploiting opportunities from the external environment.

3.The ST (Strength-Threat) strategy is a corporate strategy that seeks to avoid or reduce the impact of external threats by utilizing the internal strengths of the company.

4.The WT (Weakness-Threat) strategy is a strategy to survive by reducing internal weaknesses and avoiding threats from the external environment.

IE Matrix Analysis

Internal External Matrix (IE) is an analytical tool that can be used by the companies to provide strategic choices for the companies. The IE matrix is

arranged based on the weighted average value of the EFE matrix and the IFE matrix, which is met at one point in the IE matrix. That point will bring up alternative strategies for the company according to the cell where the company is located.

Based on the total weighted average score of the EFE and IFE matrices, the IE matrix can be arranged as follows:

Table 5 – Pia Cap Mangkok Malang IE Matrix

		IFE		
		I	II	III
EFE	2.9	Overhead Risk	Overhead Risk	Overhead Risk
	2.8	Overhead Risk	Overhead Risk	Overhead Risk
	2.7	Overhead Risk	Overhead Risk	Overhead Risk

Source: Processed Data (2019)

Information on the results of IE matrix analysis:

1. Vertical Axis is the weighted average of the EFE matrix of 2.86.
2. Horizontal Axis IE Matrix is an IFE weighted average of 2.91.
3. With coordinates in position (2.91; 2.86), the results of the IE Matrix above indicate the position of the strategy that fits in cell V (five) which means hold and maintain. The strategy suggested for *Pia Cap Mangkok Malang* located in this cell is market penetration and product development.

Strategy Implementation

Key Factor	Weight	Alternative Strategies			
		Product Development		Market Penetration	
1. Product Development	0.15	3	0.45	0	0.00
2. Market Penetration	0.15	0	0.00	3	0.45
3. Product Development	0.15	3	0.45	0	0.00
4. Market Penetration	0.15	0	0.00	3	0.45
5. Product Development	0.15	3	0.45	0	0.00
6. Market Penetration	0.15	0	0.00	3	0.45
7. Product Development	0.15	3	0.45	0	0.00
8. Market Penetration	0.15	0	0.00	3	0.45
9. Product Development	0.15	3	0.45	0	0.00
10. Market Penetration	0.15	0	0.00	3	0.45
11. Product Development	0.15	3	0.45	0	0.00
12. Market Penetration	0.15	0	0.00	3	0.45
13. Product Development	0.15	3	0.45	0	0.00
14. Market Penetration	0.15	0	0.00	3	0.45
15. Product Development	0.15	3	0.45	0	0.00
16. Market Penetration	0.15	0	0.00	3	0.45
17. Product Development	0.15	3	0.45	0	0.00
18. Market Penetration	0.15	0	0.00	3	0.45
19. Product Development	0.15	3	0.45	0	0.00
20. Market Penetration	0.15	0	0.00	3	0.45
21. Product Development	0.15	3	0.45	0	0.00
22. Market Penetration	0.15	0	0.00	3	0.45
23. Product Development	0.15	3	0.45	0	0.00
24. Market Penetration	0.15	0	0.00	3	0.45
25. Product Development	0.15	3	0.45	0	0.00
26. Market Penetration	0.15	0	0.00	3	0.45
27. Product Development	0.15	3	0.45	0	0.00
28. Market Penetration	0.15	0	0.00	3	0.45
29. Product Development	0.15	3	0.45	0	0.00
30. Market Penetration	0.15	0	0.00	3	0.45
31. Product Development	0.15	3	0.45	0	0.00
32. Market Penetration	0.15	0	0.00	3	0.45
33. Product Development	0.15	3	0.45	0	0.00
34. Market Penetration	0.15	0	0.00	3	0.45
35. Product Development	0.15	3	0.45	0	0.00
36. Market Penetration	0.15	0	0.00	3	0.45
37. Product Development	0.15	3	0.45	0	0.00
38. Market Penetration	0.15	0	0.00	3	0.45
39. Product Development	0.15	3	0.45	0	0.00
40. Market Penetration	0.15	0	0.00	3	0.45
41. Product Development	0.15	3	0.45	0	0.00
42. Market Penetration	0.15	0	0.00	3	0.45
43. Product Development	0.15	3	0.45	0	0.00
44. Market Penetration	0.15	0	0.00	3	0.45
45. Product Development	0.15	3	0.45	0	0.00
46. Market Penetration	0.15	0	0.00	3	0.45
47. Product Development	0.15	3	0.45	0	0.00
48. Market Penetration	0.15	0	0.00	3	0.45
49. Product Development	0.15	3	0.45	0	0.00
50. Market Penetration	0.15	0	0.00	3	0.45
51. Product Development	0.15	3	0.45	0	0.00
52. Market Penetration	0.15	0	0.00	3	0.45
53. Product Development	0.15	3	0.45	0	0.00
54. Market Penetration	0.15	0	0.00	3	0.45
55. Product Development	0.15	3	0.45	0	0.00
56. Market Penetration	0.15	0	0.00	3	0.45
57. Product Development	0.15	3	0.45	0	0.00
58. Market Penetration	0.15	0	0.00	3	0.45
59. Product Development	0.15	3	0.45	0	0.00
60. Market Penetration	0.15	0	0.00	3	0.45
61. Product Development	0.15	3	0.45	0	0.00
62. Market Penetration	0.15	0	0.00	3	0.45
63. Product Development	0.15	3	0.45	0	0.00
64. Market Penetration	0.15	0	0.00	3	0.45
65. Product Development	0.15	3	0.45	0	0.00
66. Market Penetration	0.15	0	0.00	3	0.45
67. Product Development	0.15	3	0.45	0	0.00
68. Market Penetration	0.15	0	0.00	3	0.45
69. Product Development	0.15	3	0.45	0	0.00
70. Market Penetration	0.15	0	0.00	3	0.45
71. Product Development	0.15	3	0.45	0	0.00
72. Market Penetration	0.15	0	0.00	3	0.45
73. Product Development	0.15	3	0.45	0	0.00
74. Market Penetration	0.15	0	0.00	3	0.45
75. Product Development	0.15	3	0.45	0	0.00
76. Market Penetration	0.15	0	0.00	3	0.45
77. Product Development	0.15	3	0.45	0	0.00
78. Market Penetration	0.15	0	0.00	3	0.45
79. Product Development	0.15	3	0.45	0	0.00
80. Market Penetration	0.15	0	0.00	3	0.45
81. Product Development	0.15	3	0.45	0	0.00
82. Market Penetration	0.15	0	0.00	3	0.45
83. Product Development	0.15	3	0.45	0	0.00
84. Market Penetration	0.15	0	0.00	3	0.45
85. Product Development	0.15	3	0.45	0	0.00
86. Market Penetration	0.15	0	0.00	3	0.45
87. Product Development	0.15	3	0.45	0	0.00
88. Market Penetration	0.15	0	0.00	3	0.45
89. Product Development	0.15	3	0.45	0	0.00
90. Market Penetration	0.15	0	0.00	3	0.45
91. Product Development	0.15	3	0.45	0	0.00
92. Market Penetration	0.15	0	0.00	3	0.45
93. Product Development	0.15	3	0.45	0	0.00
94. Market Penetration	0.15	0	0.00	3	0.45
95. Product Development	0.15	3	0.45	0	0.00
96. Market Penetration	0.15	0	0.00	3	0.45
97. Product Development	0.15	3	0.45	0	0.00
98. Market Penetration	0.15	0	0.00	3	0.45
99. Product Development	0.15	3	0.45	0	0.00
100. Market Penetration	0.15	0	0.00	3	0.45

Source: Processed Data (2019)

According to David (2015:193), Attractiveness Scores is 1 = not attractive, 2 = somewhat attractive, 3 = reasonably attractive, and 4 = highly attractive. By attractive, it means the extent that one strategy, compared to others, enables the firm to capitalize on the strength, improve on the weakness, exploit the opportunity, or avoid the threat.

Quantitative Strategic Planning Matrix (QSPM) analysis explanation:

1. Key factors are distinguished from external and internal key factors from the EFE and IFE Matrix. The key factor in the QSPM matrix is derived from external and internal environmental factors that might influence the selection of competitive strategies. The selection of external and internal strategic key factors is carried out qualitatively by considering the matrix EFE, IFE.
2. Weight is obtained by qualitative analysis of key external and internal factors by making direct observations and analyzing existing primary data.
3. Value of Attractiveness obtained by considering the influence that will be given by external and internal key factors on the alternative strategies offered. Consideration was made with qualitative analysis based on interviews and discussions with *Pia Cap Mangkok Malang*.
4. Alternative strategies that have a higher total TAS will be recommended as the chosen strategy. In this case, *Pia Cap Mangkok Malang* must implement a strategy of market penetration to win the competition with its competitors, Malang Strudel and Keripik Tempe Rohani.
5. Intensive market penetration strategy is a solution strategy for the problems of *Pia Cap Mangkok Malang*. Despite having a long history and a quite well-known brand in Malang, emerging big brands such as Malang Strudel has impacted *Pia Cap Mangkok Malang*. *Pia Cap Mangkok Malang* which has been selling its authentic and trademarked style *pia* to the people in Malang, unfortunately, do not have as aggressive marketing penetration strategy compared to its competitor. Therefore, *Pia Cap Mangkok Malang* must increase the market share of its product through bigger marketing effort. This strategy is widely used and combined with other strategies market penetration including increasing sales

force numbers, increasing advertising costs, increasing publicity efforts, and utilizing digital trendsetting with social media into effective strategies and product sales promotions from *Pia Cap Mangkok* Malang store extensively.

CONCLUSION AND SUGGESTION

Conclusion

1. Internally, there are seven strengths (strong brand image, quality of the products, location of the store, product variety, the store ambience, accessibility to get the products, and operating hours) and four weaknesses (parking lot space, service inconsistency, product non-availability, and taking the threat too lightly). The results of the internal environment analysis with the IFE matrix show a value of 2.91. It indicates that the company has been above the average of 2.5. *Pia Cap Mangkok Malang* has been able to take advantage of the company's competitive advantage, but there are still some internal weaknesses that must be addressed. Externally, *Pia Mangkok Cap Malang* have six opportunities (increase number of Malang's citizen and tourist, rise of people's purchasing power, effort of Malang government towards tourism, technological advancement, tourism industry roles in the Indonesia national economy, and Indonesian people enthusiasm to purchase oleh-oleh and new products) and four threats (emerging competitors, wide choice of products substitutes, tight competition among food gifts company, and Inflation in Malang). The results of the external environmental analysis with the EFE matrix show values of 2.86. It shows that *Pia Cap Mangkok Malang* responses to the external environment is above average. *Pia Cap Mangkok Malang* can take advantage of opportunities and can anticipate threats that arise from the surrounding environment.

2. The results of competition analysis using the Competitive Profile Matrix (CPM) show the competition value of the food gift industry as follows: *Pia Cap Mangkok Malang* (3.37), *Malang Strudel* (3.32), and *Rohani Tempe Chips* (2.67). It shows that *Pia Cap Mangkok Malang* is superior to the competitors who have the same characteristics. However, judging by the three values are above all average, which indicates that *Pia Cap Mangkok Malang* is in tight market competition.

3. From the Internal External (IE) matrix, *Pia Cap Mangkok Malang* is in cell V (five), which indicates that *Pia Cap Mangkok Malang* is recommended to

use market penetration and product development strategies. *Pia Cap Mangkok Malang* is in the position of SO (Strength-Opportunity) which has internal strength in quality, brand image, and location. While promising market opportunities, the external environment also support the company to develop. It can be concluded that *Pia Cap Mangkok Malang* must focus more in internal strength to take advantage of opportunities that exist in the company's external environment. The Quantitative Strategy Planning Matrix (QSPM) evaluates the most suitable strategy for *Pia Cap Mangkok Malang* from the two alternative strategies that have been suggested. The results of the analysis calculation carried out the objective result as follows, in market penetration strategy the value is 6.42, and product development strategy with a value of 5.97. So, the strategy recommended for *Pia Cap Mangkok Malang* is a market penetration strategy.

Suggestion

1. *Pia Cap Mangkok Malang* is a gift food company that has a long history of almost 69 years. Despite that, the company must always pay attention to the operational environment, both internally and externally. The food gift industry is a fast-growing and dynamic industry. Therefore *Pia Cap Mangkok Malang* must be competitive in terms of quality products, good service, facilities, and infrastructure that support to meet consumer needs. Changes in internal and external environments must be used as guidelines for *Pia Cap Mangkok Malang* to create competitiveness.

2. Strict competition in the world of the gift food industry makes *Pia Cap Mangkok Malang* always provide and maintain the best quality in terms of products, services, facilities, and infrastructure. Increase competitive advantage can be started by knowing how *Pia Cap Mangkok Malang* position in the competitive gift food industry so that it will create the next better policy on how to deal with its competitors in the market.

3. Implementing a marketing strategy of market penetration in increasing the number of salespeople, increasing the advertising burden, increasing the publication effort, and utilizing digital marketing trends with social media into an effective strategy and offering promotion of selling products from *Pia Cap Mangkok Malang* extensively.

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