Analysis of marketing strategies and competitive advantages of two producers special foods in Garut

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Abstract: This research aims to analyse marketing strategies and the competitive advantages of Chocodot and Choco.Dol and to formulate appropriate marketing strategies for both brands. The data collection in this qualitative research involved interviews with producers and consumers. Results corroborate that the relevant marketing strategies for a competitive advantage for Chocodot products are as follows: 1) targeting the teenager market group; 2) standardising selling prices; 3) improving taste quality; 4) reducing the frequency of product replacement; 5) expanding distribution and a product line; 6) strengthening positioning as Indonesian Chocolate. The advantage strategy of Choco.Dol is directed to the efforts of communicating integrated product advantages, expanding distribution according to the PICNIC dodol system, becoming a shadow of Chocodot distribution, stopping the expansion of the new product line of the chocolate category, branding to stores, closing access to Chocodot products in the outlets of PICNIC producers and intensive publication on mass media.

Keywords: marketing strategy; competitive advantage; Chocodot; Choco.Dol.


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1 Introduction

The dynamics of the tourism world and the innovation–creativity of businessmen in producing special foods led to the establishment of a new company in 2009, that is, producing foods combining dodol and chocolate. The product is branded as Chocodot. The growth of Chocodot has been significant for the last two years. The development of Chocodot evokes PICNIC dodol to rival Chocodot via a me too strategy and brand expansion that engenders Choco.Dol. This research aims to analyse the marketing strategies and competitive advantages of Chocodot and Choco.Dol producers. The contribution of this study lies in marketing strategies and specific competitive advantages and as an option in marketing strategy and competitive advantage for special foods producer.

2 Theoretical review

2.1 Concept of strategy

Mullins and Walker (2010) defined “A strategy is a fundamental pattern of present and planned objectives, resource deployments, and interactions of an organisation with markets, competitors, and other environmental factors”. The emphasis of their strategy concept is as follows: “Our definition suggests that a strategy should specify (1) what, (objective to be accomplished), where, (on which industries and product-market to focus), and (3) how, (which resources and activities to allocate to each product-market to meet environmental opportunities and threats and to gain a competitive advantage).”

Meanwhile, Glueck (in Supriyono, 1993) defined strategy as a comprehensive, integrated plan unity that connects the strategy power of a company and the environment it is faced with, thereby securing the accomplishment of company goals. Moreover, Supriyono (1993) suggested the following major conclusions related to the strategy concept:

1 corporate strategy refers to a comprehensive, integrated plan unity needed to accomplish company goals
2 strategy development entails a connection between a strategy and a company environment given that the latter affects the strengths and weaknesses of a company
3 various methods or alternative strategies should be considered and selected to accomplish company goals
4 a selected strategy will be implemented by a company and should then be evaluated.

Hunger and Wheelen (2009) asserted that strategic management is a series of managerial decisions and actions that determine the company performance in the long term. Strategic management includes environment observation, strategy formulation (strategic or long-term planning), strategy implementation, and evaluation and control. The most important strategic factors in the future of a company are strengths, weaknesses, opportunities, and threats (SWOT).
2.2 Marketing strategy

Bennet (in Tjiptono, 2015) suggested the concept and scope of marketing strategies and elucidated that marketing strategy refers (implicitly and explicitly) to how a brand or product line achieves its goals. Kertajaya et al. (2004) asserted that the core strategy of a company includes three basic elements.

1 Positioning – the ability of a company to accurately position its products and brands and the perception of consumers toward its image.

2 Differentiation – the ability of a company to support appropriate positioning by solid differentiation.

3 Brand – the state when a company is already capable of accurately positioning itself and backing up with solid differentiation.

Cravens and Piercy (2012) verified that a marketing strategy process involves the following four stages: strategic situation analysis, designing marketing strategies, marketing program development, and implementing and managing marketing strategies.

2.3 Competitive advantage concept

Bharadwaj et al. (1993) explained the competitive advantage of a company as follows: “In most industries, some firms are more profitable than others, regardless of whether the average profitability of the industry is high or low. The superior performers conceivably possess something special and hard to imitate that allows them to outperform their rivals. These unique skills and assets (resources) are referred to as sources of competitive advantage in strategy literature.”

The statement indicates that the source of a competitive advantage lies in the unique resources of a company. Meanwhile, Day and Wensley (1988) validated that the following are the components of a competitive advantage: sources of advantage, positional advantages, and performance outcomes.

Kertajaya et al. (2004) confirmed that marketing elements, such as segmentation, targeting, positioning, differentiation, marketing mix, selling, brand, service, and process, have a relationship with the competitive advantage of a company.

3 Research framework and method

The current research analysed the success and failure factors of two products with certain characteristic similarities in two different companies. The analysis was conducted by a comparison of the implementations of the marketing strategies and by a description of their sources of competitive advantages. The final results of the analysis were formulated into a strategy for both companies. This research was conducted by using a descriptive–qualitative method, according to Denzon and Lincoln (in Creswell, 2013) as follows:

“Qualitative research is multimethod in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural setting, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them. Qualitative
research involves the studied use and collection of a variety of empirical material – case study, personal experience, introspective, life story, interview, observational, historical, interactional, and visual texts – that describe routine and problematic moments and meaning in individuals lives.”

The data sources in the research were the informants selected by using purposive sampling technique. The informants were Choco.Dol producer (3 persons), Chocodot producer (1 person), Choco.Dol and Chocodot staff (13 persons), distributor of Choco.Dol and Chocodot (15 persons), government agency (2 persons) marketing practitioners (4 persons), and marketing experts (2 persons).

The research data were collected by a library and documentary study, interview, and focus group discussion. The results analysed by the following steps:

1. The analysis of the marketing strategy the company pursued.
2. Suitability between the marketing strategy the company pursued and the existing market structures and behaviours.
3. The analysis of the company competitive advantage by using approach (Day and Wensley, 1988): a source of advantage, positional advantage, and performance outcome.
4. The analysis of weighting on a strategic factor of the sources of a competitive advantage that each company has.
5. The formulation of a marketing strategy by
   a. the analysis of the internal and external environments of the company by using IFAS and EFAS matrix
   b. the formulation of a corporate strategy.
6. The formulation of competitive strategy.
7. The formulation of marketing strategy.

4 Results and discussion

4.1 Analysis of a Chocodot producer’s marketing strategy

The marketing strategy pursued in the beginning is penetration pricing with the brand Chocodot. The unique and creative product strategy concept affirms the product positioning as food ‘oleh-oleh’ (gift brought back from a trip) from Garut.

Previously, pricing pursued a penetration price strategy, which was cheap. Promotional programs were run in the form of Above The Line, such as publicity by television, domestic and overseas exhibitions, newspapers, and events, and Below The Line, such as gimmick programs for consumers and distributors, which was the success key in accelerating the awareness of consumers about Chocodot products. A series of marketing strategies that the Chocodot producer pursued can be drawn on the basis of the aforementioned descriptions. First, marketing strategy is a primary demand strategy. The primary marketing strategy boosts demand levels in a product form or in a product class. Second, a selective demand strategy is based on the analysis of brand demands or specific suppliers at relevant markets.
4.2 Analysis of a Choco.Dol producer’s marketing strategy

The Choco.Dol producer had Dodol PICNIC. The marketing strategy pursued before Chocodot was considered static, conventional, and lacks a market-oriented program. The product development process is considerably difficult, and the marketing system employed relied on the inherited management system.

The strategy the producer pursued after Chocodot was directed on a responsive strategy. The product strategy was applied by developing the me too strategy with marketing camouflage. The strategy was implemented by producing products similar to several products that the Chocodot producer introduced by launching chocolate products combined with dodol by the brand Choco.Dol and producing dodol brownies products as an effort to duplicate the brodol (brownies dodol) products that the Chocodot producer introduced. Although marketing camouflage was performed with products of better taste quality than Chocodot products, the products were perceived as less accepted by markets.

The marketing strategy of the Choco.Dol producer was an effort of the company to protect the core products of PICNIC. However, the strategy pursued prioritised only the generic elements of marketing, without seriously dealing with the maintenance aspect of the market by promotion and distribution channels.

The marketing strategy the company pursued fell into the analysis of selective demands can be drawn on the basis of the aforementioned descriptions given that the company focused more on the selective demand strategy than on the primary demand strategy.

4.3 Success factors of Chocodot products

The success factors of Chocodot products are, first, creativity and the innovation of new products for creating a new category or a class of special food markets. This finding in line with Kusmintarti et al. (2017) that creativity tends towards establishing a new business in the future and can build positive thinking toward entrepreneurship. Second, understanding of the characteristics, needs, and wants of special food markets by concentrating on creating products when faced with market saturation. The producer succeeded in producing diverse products and attracted market curiosity. This success factors relevant to the finding Chan and Astari (2017) that the company must pay what customers want and how they satisfy them using content marketing. Third, the success of Chocodot was inseparable from the promotion performed in a systematic way, by Above The Line and Below The Line, such that the awareness about the market was accelerated. That also attracted many marketers, governmental agencies, and press to publish it voluntarily by exhibitions at home and abroad, invitations of the company owner as speaker held by some campuses or certain organisations. Fourth, the company capability of keeping a relationship with stores in promotional programs by a push strategy. Fifth, the superiority of the pioneer brand in the category of dodol chocolate products made the competition against Chocodot products in the markets difficult for the competitors. Sixth, the Chocodot company has been capable of pursuing a driving market strategy.
4.4 Failure factors of Choco.Dol products

First, the emergence of Choco.Dol indicated carelessness in recognising the characteristics of special food markets although the products offered were considered delicious. Second, Choco.Dol marketing was not supported by a sufficient marketing communication, and Choco.Dol products were perceived as a flash reaction. Third, the me too strategy by marketing camouflage failed to convince the market that the product was good and even perceived as a second-class product. This finding relevant to Ramirez et al. (2014) recommendation that the business increase service as a competitive advantage to differentiate from competitors.

The indifference of market to choose Choco.Dol product because it was perceived as imitation.

The failure of Choco.Dol was also the failure of the brand extension strategy of PICNIC.

4.5 Analysis of the competitive advantage of Chocodot and Choco.Dol producers

On the basis of a study on the competition process, the Choco.Dol producer held a greater advantage in marketing. However, certain similarities in the sources of the competitive advantage of the two companies from the marketing aspects of the segmentation process, targeting, positioning, product specialty, package, distributor and consumer pricing, and brand equity emerged. Meanwhile, the sources of a competitive advantage in the marketing aspect of the Choco.Dol producer compared with the Chocodot producer were in the number of distribution channels possessed and the scope of distribution. The sources of the competitive advantage of Chocodot compared with Choco.Dol were pioneer brand advantage, product uniqueness and variation, and promotion types and forms.

4.6 Analysis of the environment of Chocodot and Choco.Dol producer companies

First, the analysis of the influence of internal environment on the company condition revealed that Choco.Dol has strengths in the form of PICNIC equity widely known as a leading dodol Garut. Second, business experiences in dodol industry areas become a strength in understanding business systems. Third, the source of capital strength owned and accessibility to loan from financial institutions. Fourth, the high quality of products in taste uniqueness. Fifth, the strength distribution network to several stores outside, such as Bandung, Cianjur, Jakarta etc.

The Chocodot producer has some strengths as well. These strengths consist of being the pioneer brand in dodol chocolate products, having the ability to create added-value to a product, the capability to respond to market situations, possessing product uniqueness, and good package designs. The owner of the company was also invited as a speaker for various seminars, talk shows at local, regional, and national levels. Participating in such events indirectly emitted multiplier effect, leveraging the popularity of Chocodot products. According to Chailan (2013) a brand portfolio strategy once truly established in an organisation, makes replication by competitor very difficult. The weaknesses of the Choco.Dol producer were as follows:
1. the company’s lack of creative human resource, with the source of creativity relying on the owner
2. the company was still deficient in the supply of machinery, resulting in failure to meet market demands
3. ill-managed distribution channel.

4.7 Formulation of the marketing strategy of Chocodot and Choco.Dol

The results from the analyses of the two producers in their position as predominant marketers in different product categories found that the Choco.Dol producer was in a position between growth and stability. The company’s internal factors score at an average interval of 2.77, as shown in Table 1, approximately the same as their external strategic factor score, an average interval 2.25, as shown in Table 2. In such condition, the company is recommended to pursue a growth strategy through horizontal integration or consolidation strategy by expanding the company (i.e., expanding to other locations and increasing product variation). This finding in line with Minegishi (2012) that the geographical restriction affects the competitiveness.

<table>
<thead>
<tr>
<th>Strength</th>
<th>Weight</th>
<th>Rating</th>
<th>Score</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Brand equity</td>
<td>0.15</td>
<td>4</td>
<td>0.6</td>
<td>Dodol Garut is identical to PICNIC</td>
</tr>
<tr>
<td>2. Product quality</td>
<td>0.13</td>
<td>3</td>
<td>0.39</td>
<td>Delicious taste and elegant package</td>
</tr>
<tr>
<td>3. Distribution network</td>
<td>0.1</td>
<td>3</td>
<td>0.3</td>
<td>Widely spreading</td>
</tr>
<tr>
<td>4. Capital availability</td>
<td>0.07</td>
<td>4</td>
<td>0.28</td>
<td>Easy access to banking</td>
</tr>
<tr>
<td>5. Experience in business</td>
<td>0.05</td>
<td>4</td>
<td>0.2</td>
<td>Established 40 years ago</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weakness</th>
<th>Weight</th>
<th>Rating</th>
<th>Score</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Product durability</td>
<td>0.3</td>
<td>2</td>
<td>0.6</td>
<td>Short expiry date</td>
</tr>
<tr>
<td>2. Low promotional budget</td>
<td>0.2</td>
<td>2</td>
<td>0.4</td>
<td>Traditional policy</td>
</tr>
</tbody>
</table>

Total 1.00 2.77

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Weight</th>
<th>Rating</th>
<th>Score</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Garut tourism potentials</td>
<td>0.3</td>
<td>3</td>
<td>0.9</td>
<td>Continuous growth</td>
</tr>
<tr>
<td>2. Tourist purchasing power</td>
<td>0.15</td>
<td>2</td>
<td>0.3</td>
<td>Increasing</td>
</tr>
<tr>
<td>3. Growth of gift retail</td>
<td>0.05</td>
<td>3</td>
<td>0.15</td>
<td>Growing and spreading</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Threat</th>
<th>Weight</th>
<th>Rating</th>
<th>Score</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Product durability</td>
<td>0.3</td>
<td>1</td>
<td>0.3</td>
<td>Increasing and varying</td>
</tr>
<tr>
<td>2. Low promotional budget</td>
<td>0.2</td>
<td>3</td>
<td>0.6</td>
<td>Inclination to increase</td>
</tr>
</tbody>
</table>

Total 1.00 2.25
The position of the Choco.Dol producer was found within a moderate attractive industry. The strategy pursued was consolidation with a relatively more defensive goal, avoiding any loss of sales and potential profits. At this phase, the company could expand its market, productive facilities, and technology through internal and external developments, acquisition, or joint venture with other companies in the same industry.

By contrast, the Chocodot producer held a position below the growth level. The company was found to have an internal factor score at a high interval (3.06), as shown in Table 3, not far from its external factor score (3.54), as shown in Table 4. The relevant strategy recommended for the company to pursue is vertical integration through backward integration. Such strategy is suitable for a company with a strong market competitive position in a highly attractive industry. The position of Choco.Dol and Chocodot can be seen in Figure 1, as follow:

Table 3  Analysis of internal environment of Chocodot producer

<table>
<thead>
<tr>
<th>Internal strategic factor</th>
<th>Weight</th>
<th>Rating</th>
<th>Score</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strength</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Product uniqueness</td>
<td>0.17</td>
<td>3</td>
<td>0.51</td>
<td>Differs from earlier gift</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>products</td>
</tr>
<tr>
<td>2. Package</td>
<td>0.13</td>
<td>3</td>
<td>0.39</td>
<td>Attractive to consumers</td>
</tr>
<tr>
<td>3. Value added</td>
<td>0.06</td>
<td>4</td>
<td>0.24</td>
<td>Not focused on functional</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>benefit</td>
</tr>
<tr>
<td>4. Creativity</td>
<td>0.1</td>
<td>4</td>
<td>0.4</td>
<td>Owner’s ideas</td>
</tr>
<tr>
<td>5. Invited as resource person for seminars</td>
<td>0.04</td>
<td>3</td>
<td>0.12</td>
<td>Aids in publishing the product</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1.00</td>
<td></td>
<td>3.06</td>
<td></td>
</tr>
</tbody>
</table>

| **Weakness**             |        |        |       |                              |
| 1. Lack of HR            | 0.15   | 3      | 0.45  | Still dominated in a technical level |
| 2. Distribution network  | 0.05   | 3      | 0.15  | Impeded by the lack of workers |
| 3. Deficient productive machinery | 0.1 | 2 | 0.2 | Over-demand |
| 4. Production place      | 0.2    | 3      | 0.6   | Meager land                  |

Figure 1  Internal–external matrix
Table 4: Analysis of external environment of Chocodot producer

<table>
<thead>
<tr>
<th>External strategic factor</th>
<th>Weight</th>
<th>Rating</th>
<th>Score</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Business partnership</td>
<td>0.14</td>
<td>3</td>
<td>0.42</td>
<td>Often socialising</td>
</tr>
<tr>
<td>2. Garut tourism</td>
<td>0.16</td>
<td>3</td>
<td>0.48</td>
<td>High-visit level</td>
</tr>
<tr>
<td>3. Garut Regency investment climate</td>
<td>0.11</td>
<td>4</td>
<td>0.44</td>
<td>Supportive</td>
</tr>
<tr>
<td>4. Garut political condition</td>
<td>0.09</td>
<td>4</td>
<td>0.36</td>
<td>Policy maker</td>
</tr>
<tr>
<td><strong>Threat</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Political condition of Garut Regency</td>
<td>0.16</td>
<td>3</td>
<td>0.48</td>
<td>New regent, new policy</td>
</tr>
<tr>
<td>2. Competitor</td>
<td>0.11</td>
<td>4</td>
<td>0.44</td>
<td>Many emerged</td>
</tr>
<tr>
<td>3. AFTA</td>
<td>0.14</td>
<td>4</td>
<td>0.56</td>
<td>Free market</td>
</tr>
<tr>
<td>4. Natural condition</td>
<td>0.09</td>
<td>4</td>
<td>0.36</td>
<td>Unpredictable weather</td>
</tr>
<tr>
<td>Total</td>
<td>1.00</td>
<td>3.54</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Some relevant competitive strategy alternatives for Choco.Dol are:

- strengthening market perception as a company in a leadership position and strengthening the position of the *PICNIC* brand as special food
- managing markets by investing in new initiatives, and developing market sensing and competitive intelligence.

This finding in line with Amelia (2014) that brand offering has an influence on online brand preference through brand familiarity and brand evaluation. Relevant competitive strategies for Chocodot as the market challenger are as follows:

- employing a frontal attack by attacking the competitor’s strengths in a head-to-head way
- employing a flanking attack by attacking the weak points of product variation, product uniqueness, a form of promotion, promotion on distributors, the width of promotion coverage, and line extension;
- employing an encirclement attack, which is attacking from all directions
- applying diversification in related products, new geographic markets, or new technology.

The findings of this study in line with Ling-Yee and Ogunmokun (2013) that suggest to conceptualise and market-focused for sustainable competitive advantage.

Some of the findings of this research, there are, first marketing creativity is one strategy that produces superiority than competitors. *Second*, the ability to analyse market characteristics is a decisive factor in marketing strategy.

5 Conclusion and suggestions

The success of the Chocodot brand of products in marketing strategy was due to the superiority of the founder in creativity. The competitive advantages of Chocodot were
product uniqueness, variation, types of promotion: on distributors, the width of coverage, line extension, and status as a pioneer brand in the chocolate dodol category. The relevant corporate strategy of Chocodot was growth through vertical integration by either backward or forward integration.

Relevant competitive strategies of Chocodot as a market challenger include pursuing strategies such as frontal, flanking, circlement and bypass attack.

The market failure of Choco.Dol’s products was largely due to the incompetence of the company to carry out analysis of market characteristics, as well as the strategy its competitor pursued. One of the failure factors of the Choco.Dol brand of products was the company’s lack of financial support in funding various marketing communication activities. The corporate strategy of Choco.Dol was a growth strategy by horizontal integration, extending the product line or referring to a stability or defensive strategy by avoiding sale and profit losses. The marketing strategy of Choco.Dol products was directed toward communicating its product advantages in an integrated way, expanding distribution by following the dodol PICNIC distribution system, closing access for Chocodot products at Choco.Dol stores, and keeping customer satisfaction and publicity. Chocodot producer is suggested to take a preventive measure in overcoming market saturation and diverse forms of product marketing manoeuvres relying on sensational phenomena. Choco.Dol producer is suggested to reduce activities of imitating products introduced by Chocodot.

The limitation of this study lies, first, the research coverage of only two companies and geographically only one city. Second, the special foods product, not the products in general. Further research is suggested to expand the scope of more companies, geographic and products.

References


Analysis of marketing strategies and competitive advantages


