

## **PROPOSED STRATEGY FORMULATION FOR PT. RASA TERBAIK IN RESPONSE TO MARKET CHANGES**

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**ABSTRACT:** *This study is made to find out the sequence of processes in compiling company strategy to get what strategy can be done by the company in responding to the company's external and internal conditions. Preparation of strategic planning is very important to direct the company to be more focused on achieving the goals to be achieved. Implementing this strategic planning will also bring the company to a much better state, closer to the Vision and Mission to be achieved. This corporate strategy framework is made systematically and requires the role of the entire management team in the company. Failure to fulfill the strategy that has been prepared and the objectives to be achieved are closely related to environmental uncertainty; there needs to be a systematic formulation of the right strategy that ensures the alignment of the goals to be achieved by the company with the roles of each department (due to different interests) and needs greater control in implementing an effective strategy. This study recommends the preparation of a systematic corporate strategy plan that will encourage management to view departments as a system that influences each other and how to respond to internal and external conditions in developing the strategy so that it is in line with the objectives to be achieved or can have quick corrective actions to be able to adapt to changing environmental factors.*

**KEYWORDS** – *strategic management, strategic planning, strategy formulation, company strategy, market changes.*

### **I. INTRODUCTION**

The coffee industry in Indonesia is continuously growing; this potential is shown by the increasing level of coffee consumption by various groups. This also makes the country's coffee shop business with different concepts grow quickly. A coffee shop is a place of business that provides coffee drinks. Often cafés or coffee shops also serve other drink variants and supporting foods ranging from bread to heavy meals. The coffee shop business in Indonesia is growing so that coffee shops are known to serve coffee drinks and offer a comfortable concept and atmosphere. Café is the third place where people interact, socialize, and share knowledge besides home and work. The purpose of café has yet moved again, from a place to socialize, hang out, and do work, to a complex multipurpose room that accommodates different activities simultaneously, for example, meeting, socializing, and comfort place in one place [1]. The coffee shop outlet has increased by more than 300% during pre-pandemic years [2]. RTD coffee sales, including coffee sold in café, are declining during the pandemic, which resulted from mobility restrictions during COVID-19; this means more consumers are consuming their coffee at home and not at the café [3]. Further sales decline during the pandemic has been prevented by Go Food and Grab Food, which has become massive national food service provider in the last several years [4]. However, several indicators, like Indonesia's restaurant tax income, show that the café business has recovered after the pandemic.

In responding to changing market conditions and uncontrollable external situations, it is necessary to formulate a strategy by looking at developing trends and situations. It is also necessary to ensure that the tools and methods used are appropriate and suitable for the company, and the formulation process must involve related parties. Encapsulates the goals of shareholders and has a structured and well-conceived process so that the success of this plan can also be measured with certainty, which will deliver the expected results. One of the tools that have been proven for strategy formulation is SWOT Analysis and TOWS Matrix. TOWS matrix is a conceptual framework and strategic tools used to match environmental threats and opportunities with company weaknesses and strengths to create four types of strategy [5]. This study aims to formulate the right strategy formulation process at one company that operates in the café business (PT. Rasa Terbaik) by looking at the external changes and the company's capabilities.

## **II. METHODOLOGY**

This study was conducted on one company that runs in café business in Indonesia with qualitative research design. The primary data were collected through semi-structured interviews and observation with top management at PT. Rasa Terbaik. Secondary data was obtained through company documents and literature reviews from scientific articles, news, or other written sources.

## **III. RESULT AND DISCUSSION**

This study's primary data will focus on a qualitative data collection process using an in-depth interview. The interview process will be conducted using a semi-structured interview questionnaire that will be used for the following:

1. Identifying key external factors and key internal factors.
2. All internal and external factors then further analysed with SWOT analysis and TOWS Matrix

The result of this study is as follows.

### **SWOT Analysis**

A SWOT analysis is one of the strategic planning tools used by companies and organizations to determine goals and consider all factors related to both positive and negative efforts. A key role of SWOT is to help develop a comprehensive awareness of all factors that can influence strategic planning and decision-making, a goal that can be applied to nearly every aspect of the industry. Although SWOT is primarily intended as an evaluation technique, its long track record of success has made it a valuable tool in project management for many companies. Standing for Strengths, Weaknesses, Opportunities, and Threats, it enables organizations to identify all the positive and negative factors that can influence newly proposed actions. This analysis leads to business awareness and is the basis for successful strategic planning. Specifically, strengths refer to characteristics of a company or team that give it an edge over others in the industry. Weaknesses are qualities that put a company in trouble with disadvantages compared to others. Opportunities are external opportunities to achieve greater sales or profits within the environment. A threat is an external element in environment that can cause problems for organization.

The SWOT analysis (Figure 1) reveals that PT. Rasa Terbaik's strength is that Rasa Terbaik is part of Indonesia's largest coffee company group and already has a well-known company name. The company's weaknesses are that its strategy cannot be ascertained, and it has not been able to ensure its strategy is executed properly. The strength and weaknesses result from key internal factors derived from the interview. While from external factors analysis, key threats and opportunities that PT. Rasa Terbaik face has been revealed. The opportunity for PT. Rasa Terbaik is strengthening the consumer confidence index in Indonesia, and the prediction that Indonesia's economic growth will increase is a business opportunity. At the same time, threats that the company will face are the weakening of the Rupiah and the threat of the emergence of new competitors with unique restaurant/cafe concepts and existing competitors with increasingly strong capital and innovative menu creations.

According to internal analysis, the sustainable competitive advantage of PT. Rasa Terbaik is PT. Rasa Terbaik have a well-known company name (as business development capital) which also part of the largest coffee company group in Indonesia with a product signature that is the identity of the company. The weaknesses of PT. Rasa Terbaik found during VRIN analysis is that the company's strategy cannot be ascertained whether it is aligned with the Division/Department strategy, until individual strategy. PT. Rasa Terbaik also need to ensure the company's strategy is executed properly through an excellent monitoring and review process while its operational system still needs to be more abreast of trends. There is still a lack of internal control and audit, because there are still loopholes to commit fraud at outlets. Communication between employees still needs to be improved, and employee initiatives also need to be executed properly.

INTERNAL – STRENGTH & WEAKNESS			
STRENGTH		WEAKNESS	
No.	The Factors	No.	The Factors
1.	Is part of the largest coffee company group in Indonesia	1.	The company's strategy cannot be ascertained.
2.	Having a well-known company name.	2.	Have not been able to ensure the company's strategy is executed properly.
EXTERNAL – OPPORTUNITY & THREAT			
OPPORTUNITY		THREAT	
No.	The Factors	No.	The Factors
1.	The strengthening of the consumer confidence index in Indonesia.	1.	The weakening of the Rupiah
2.	The prediction that Indonesia's economic growth will increase is an opportunity for business.	2.	The threat of the emergence of new competitors with unique restaurant/cafe concepts and existing competitors with increasingly strong capital and innovative menu creations.

Figure 1 SWOT analysis of PT. Rasa Terbaik

From external analysis, the strengthening of the consumer confidence index shows opportunities for Rasa Terbaik 's business development to become even greater. Another opportunity is there is a prediction that Indonesia's economic growth will experience an increase, which is an opportunity for the Rasa Terbaik business. The potential for increasing Indonesia's economic growth provides positive opportunities for business development. The threats that company will face are the weakening of the Rupiah has also dragged various elements, one of which is the uncertainty of interest rates, which will have an impact on Rasa Terbaik cash flow and tight competition that coming from many new competitors with the concept of restaurants / cafes that keep up with the times and existing competitors with strong capital (for example Kopi Kenangan which has planned to have OPO in 2023).

A combination of internal and external factors is needed to be able to produce a strategy that includes these things. Heinz Weilrich (1982) explained that the TOWS analysis was proposed as a conceptual framework for a systematic analysis that facilitates the matching of external threats and opportunities with the internal weaknesses and strengths of an organization [5]. The following Figure 2 below are the results of TOWS Matrix PT. Rasa Terbaik by looking at the factors of Threats, Opportunities, Weaknesses, and Strengths that trigger the formation of strategies in the following matrix.

		INTERNAL FACTORS	
		STRENGTHS (+)	WEAKNESSES (-)
<b>EXTERNAL FACTORS</b>		S.1 Part of the The biggest coffee company in Indonesia S.2 Have a well-known company name	W.1 The company's strategy cannot be ascertained. W.2 Have not been able to ensure the company's strategy is executed properly.
	<b>OPPORTUNITIES (+)</b>	<b>STRENGTHS (+) / OPPORTUNITIES (+) STRATEGY</b>	<b>WEAKNESSES (-) / OPPORTUNITIES (+) STRATEGY</b>
	O.1 The strengthening of the consumer confidence index. O.2 The prediction that Indonesia's economic growth.	S1,S2 - O1,O2 Increasing a stand-alone café S1,S2 - O1,O2 Develop a unique + modern business concept that can go viral on social media.	W1 - O1,O2 Aligning the strategy formulation process. W2 - O1,O2 Monitor the execution of company strategy.
	<b>THREATS (-)</b>	<b>STRENGTHS (+) / THREATS (-) STRATEGY</b>	<b>WEAKNESSES (-) / THREATS (-) STRATEGY</b>
	T.1 The weakening of the Rupiah. T.2 The threat of the emergence of new competitors with unique restaurant/cafe concepts and existing competitors with increasingly strong capital and innovative menu creations.	S1,S2 - T1,T2 Strengthen cash flow management S1,S2,S3,S4,S5 – T2 Increase Customer Satisfaction	W1,W2 – T1,T2 Increase internal control W1 – T2 Develop corporate communication (for internal & external)

### **Figure 2. TOWS Matrix Strategy**

The explanation for each strategy is explained in detail below.

#### **Strengths (+) and Opportunities (+) / SO Strategy**

Every company wants to be able to maximize both its strengths and opportunities. Such companies can start from their strengths and leverage their resources to capture markets for their products and services. Results on the SO Strategy of PT. Rasa Terbaik shows several strategies that can be carried out by PT. Rasa Terbaik to be able to take existing opportunities with the strengths they have, namely:

##### Increasing a stand-alone café.

This strategy arose to respond to developments in the growth opportunities for stand-alone cafes which were also supported by the strengthening of the consumer confidence index and social media trends as well as interest in the unique + modern cafe concept, by leveraging the strength of the company's big name, outlet points spread across cities - big city, has a signature product and is part of one of the biggest coffee companies in Indonesia.

##### Develop a unique + modern business concept that can go viral on social media.

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#### **Strengths (+) and Threats (-) / ST Strategy**

This strategy is based on the organization's strengths in dealing with threats in the environment. The goal is to maximize the former and minimize the latter. For PT. Rasa Terbaik, the ST strategy created from a strength analysis to address existing challenges consists of several strategies, namely:

##### Strengthen cash flow management.

As part of the largest coffee company in Indonesia, which has a well-known company name and a very large distribution point, then the threat of weakening the Rupiah, rising prices for raw materials, fuel, LPG, rental costs and rising inflation and government regulations should have been able to be anticipated with good and strong control over cash flow, so as to be able to maintain well-maintained business continuity.

##### Increase Customer Satisfaction.

In line with the strategy to strengthen cash flow management, with a good effort this can also be able to become the competitiveness of businesses carried out by competitors so that the measure of success that must be maintained is an increase in the customer satisfaction index. Improving customer satisfaction can be done in various ways, the most basic thing is to have excellent service that is friendly and cares about customer tastes, another thing that can be done is to intensify training on the service process, so that every employee (especially outlet employees) carries out their duties according to with the SOP that has been prepared, which can later make the customer feel satisfied with the best standardized service that is well implemented.

#### **Weaknesses (-) and Opportunities (+) / WO Strategy**

The WO strategy seeks to minimize weaknesses and maximize opportunities. Although companies see opportunities in the external environment, they may indicate organizational weaknesses in their inability to capitalize on market demand. In answering the existing opportunities but still covering / minimizing weaknesses, a WO strategy was formed from PT. Rasa Terbaik which consists of:

##### Aligning the strategy formulation process.

Weaknesses in ensuring the company's strategy is well formed and formulated, but the availability of opportunities from the market due to increased consumer confidence index and good economic growth, must be

anticipated with the cooperation of all teams in the company through strategic alignment to the goals each wants to achieve -Each individual in the company.

Monitor the execution of company strategy.

With weaknesses in ensuring the company's strategy is executed properly and a lack of internal controls and audits but creating opportunities for the strengthening of the consumer confidence index and predictions of positive economic growth in Indonesia, a strategy is needed to monitor the sustainability of the company's strategy execution properly and accordingly. The process of monitoring the implementation of the company's strategy can be done by implementing a monitoring system. Currently, there are many software developments that are offered to accommodate this, for example: Happy 5, Monday.com, and Bitrix.

**Weaknesses (-) and Threats (-) / WT Strategy**

In general, the goal of WT strategy is to minimize both weaknesses and threats. A company exposed to external threats and internal weaknesses can indeed find itself in a precarious position. In terms of urgency from within and outside, the strategy that can be pursued by PT. Rasa Terbaiks are:

Increase internal control.

In response to the weak certainty of corporate strategy whether it has been implemented properly or not and coupled with the lack of internal controls and audits, while externally there are threats to the weakening of the Rupiah, rising raw material prices and rental costs, as well as rising inflation, it is very important to apply a strategy to improve internal control. The process of improving this internal control can be started by strengthening the internal control department in the company, starting from completing its position to increasing knowledge of the business which must also be continuously developed by the internal control department. In addition, this internal control can also be carried out by conducting regular audits of the applicable SOPs/rules, whether they have been properly implemented or not, and supported with appropriate consequences that are properly enforced.

Develop corporate communication (for internal & external)

With weaknesses in communication between an employee that still needs to be improved, especially regarding the company's strategy and since there are a lot of competitors that provide a threat by having a unique concept that becomes viral, a corporate communication division is needed at PT. Rasa Terbaik. This corporate communication role will handle internal communication from top management to all employees and external communication, especially regarding the company's public image, ensuring that direction from Top Management is delivered to internal and external stakeholders as seamlessly as possible and is aligned with the company's vision and mission. This role will help alignment and understanding of corporate strategy to all employees. Externally, this role will help ensure PT. Rasa Terbaik has a good brand image and publication.

#### **IV. CONCLUSION**

This study concludes that several internal and external conditions have been described that impact PT. Rasa Terbaik's business. For these internal conditions, it can be indicated that several things are the strengths of PT. Rasa Terbaik namely:

- Is part of Indonesia's largest coffee company group (the largest coffee company in Indonesia).
- PT. Rasa Terbaik already has a company name widely known to the public, which can be used as capital for business development and corporate image.

Apart from the strength possessed by them, there are also several weaknesses that they should be watching out for, namely:

- Uncertain alignment of company strategy with Divisions/Departments, even to the individual strategies within PT. Rasa Terbaik.
- The process of monitoring and reviewing the strategies implemented in the company is still weak.

Meanwhile, if we look at the external conditions that impact the business, they also have some positive things that can be used as opportunities, but there are also threats that it must anticipate. For this opportunity, several things have been listed, namely:

- Strengthening the consumer confidence index, which shows it is getting bigger.
- There are predictions of Indonesia's economic growth which are indicated to increase, which is a business opportunity.

Meanwhile, for things that are indicated to be a threat, there are also several things, namely:

- The weakening of the Rupiah also increases the uncertainty of bank/loan interest rates.
- Finally, the emergence of threats from the arrival of new competitors that offer unique restaurant/cafe concepts and existing competitors are also strengthened by additional capital from investors and their creations to create innovative menus that attract the attention and interest of customers to buy.

All these internal and external conditions need to be anticipated by establishing an appropriate strategy that accommodates them (both internally and externally).

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