



## DETERMINING THE MARKETING STRATEGY OF LOKALATE USING SWOT ANALYSIS METHOD

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### Abstract

This research aims to determine what marketing strategy can be applied at Lokalate brand using SWOT analysis. This research uses a descriptive methodology by looking at the historical data from 2022. Data collection is acquired from secondary data and observation conducted on the brand environment. The data collected was then analyzed using the IFAS, EFAS, and the SWOT matrix. The result showed that the IFAS matrix obtained a strength value of 1,625 and a weakness value of 0,875. Indicates that the Lokalate brand utilizes more Strength rather than the weakness value. The EFAS matrix obtained an opportunity value of 1,5 and a threat value of 0,875, which indicates that the Lokalate brand occupies more significant opportunities than threats. Based on the SWOT analysis quadrant, Lokalate is in the first quadrant. Is the appropriate strategy for Lokalate to utilize its Strength and take advantage of any existing opportunities?

**Keywords:** Marketing Strategy, SWOT analysis, EFAS matrix, IFAS matrix, SWOT Quadrant.

### INTRODUCTION

The COVID-19 pandemic has had an extreme effect on the lives of the people in this world, including Indonesia. This pandemic has affected various sectors such as tourism, healthcare, industry, and economic sector. From a financial standpoint, the pandemic impacts the supply and demand sides of people's buying ability. On the supply side, companies are cutting back on raw material production, leading to disruptions in the supply chain. On the demand side, decreased consumer demand and dwindling trust in the company's products are contributing factors (Rosyidah et al., 2022). The government in Indonesia implemented a Large-scale social restrictions (PSBB) policy when the COVID-19 pandemic occurred. This policy aims to suppress the spread of the virus (Hernikawati, 2021). With the implementation of these restrictions, people could not conduct any activities or travel to other areas. This situation triggers new habits that require adaptation to the new conditions. Before the pandemic, people were free to conduct their activities for work, school, and social activities; however, with this policy, the usual activities could not be done. For example, before COVID-19 - 19, people could visit markets, restaurants, or malls to buy their basic needs. However, since the COVID-19 pandemic, people are forbidden from staying outside the house if there are no urgent needs.

Business World has a huge role in development, but the issues confronted by business people are complex; many of them have to go out of business because of some less favorable regulations, many competitors, mismanagement, and human resources lacking competence (Sunaryo & Rusdarti, 2017). In this era of globalization, businesses are experiencing sharp development, especially in the face of competition. Companies must seize and control their market shares to survive today's competition. Companies need to provide the best service for customers. Adaptation is how a company can survive in today's business world. For a company to adapt, they need to figure out a way to

upgrade and promote their business. In this case, the adaptation a company needs is to determine a marketing strategy.

A Marketing strategy is a set of goals, policies, and rules that guides a company's marketing efforts over time, at all levels, standards, and allocations, mainly the company's response to the environment that is constantly changing and the competitive conditions (Musyawarah & Idayanti, 2022). Marketing strategy directs the company into long-term planning to achieve competitive advantages by satisfying customer needs and fulfilling stakeholder expectations. With a marketing strategy, a company can advance its business. A company needs to analyze its environment to find the right marketing strategy. Analysis of the company's internal and external environment helps to see the strengths, weaknesses, opportunities, and threats the company must face (Istichanah, 2022). Companies need to understand their strengths and weaknesses in the competition; this way, they can control and take advantage of every opportunity.

Some studies related to this research are Maisaroh & Siswahyudianto's (2023) research SWOT analysis in determining marketing strategy at Afina Jaya Souvenir with qualitative research method. The result shows that the company is in the first square position, with the primary strategy being the SO strategy (Strength-Opportunities) by improving company advantages. Jannah Firdaus (2022) researched SWOT analysis to determine the marketing strategy at Chitose Surabaya with qualitative research methods. The result shows that they are in the quadrant 1 position, which is the aggressive growth strategy, with the primary strategy being SO. Prastyo & Pambudi (2021) also researched marketing strategy with SWOT analysis at Jepara Rolet Cafe with a qualitative descriptive method. The result shows that the strategy can be applied by maintaining and expanding the SO strategy. The research above showed that research can determine the marketing strategy of a company by using the SWOT analysis. However, SWOT analysis must be flexible and remember the constantly changing conditions.

PT. Nutrifood Indonesia is a company engaged in the healthy food and beverage industry. One of the latest brands that this company creates is Lokalate. Lokalate is a coffee product with various local Indonesian fruits and spices flavors. Lokalate was a successful brand with the innovation and uniqueness of the product. However, the COVID-19 pandemic caused some changes in the development of Lokalate's products through online or offline promotions. Based on the information acquired, Lokalate's products still need to be added to stores due to the pandemic, which has forced stores to reduce their purchases. This product is still not well known to the public because of the pandemic. In this case, Lokalate needs to figure out how to develop its product by adapting and developing its marketing strategy. In determining Lokalate's marketing strategy, analysis is required to determine the external and internal factors affecting Lokalate's development so that the best marketing strategy can be made correctly. Based on the background above, the researcher plans to conduct research entitled Determining The Marketing Strategy of Lokalate Using SWOT Analysis

Method.

## **Literature Review**

### **SWOT Analysis**

SWOT analysis is an identification analysis of various factors systematically to formulate a marketing strategy. This analysis is based on logic that looks at the internal and external factors related to the organization. Internal factors consist of Strength maximizing and decreasing weaknesses. Meanwhile, the external factors include opportunities and threats (Istichanah, 2022). Strength is the positive factor that an organization has. The advantages can be in any form: expertise, resources, market strength, customer relations, and technology. Weaknesses are the negative factors that affect the organization. The disadvantages may include weak management, low human resource quality, and lack of product differentiation. Opportunities are the external factors that an organization can utilize to achieve its goals. Opportunities could be favorable regulatory changes and increasing market demand. Threats are the external factors that hinder an organization from achieving its goals. Threats could be unfavorable regulatory changes, strong competitors, and rising material costs. By knowing the internal and external factors, the organization can decide which marketing strategy is better for the organization's development.

### **Marketing Strategy**

A Marketing strategy is a set of goals, policies, and rules that guides a company's marketing efforts over time, at all levels, standards, and allocations, mainly the company's response to the environment that is constantly changing and the competitive conditions (Musyawarah & Idayanti, 2022). A marketing strategy is needed to identify market segments and improve business. The purpose is to provide satisfaction for the customers. Where satisfaction is acquired when customers' desires are fulfilled through marketing activities, a marketing strategy can be obtained by analyzing every factor affecting business growth. The marketing concept has a few aspects based on customers' needs, customer satisfaction, and business goals.

### **IFAS and EFAS Matrix**

According to Jannah & Firdaus (2022), the first step in determining SWOT analysis is identifying and comparing strengths and weaknesses with the opportunities and threats of the company. IFAS (Internal Factors Analysis Summary) identifies the strengths and weaknesses factors of the company. EFAS (External Factor Analysis Summary) identifies the opportunities and threats a company will face. The IFAS and EFAS matrix include assigning weight and indicating ratings to evaluate each factor, with the total weight present to each factor equaling 1.0. Meanwhile, the ratings present for each factor are on a scale from 1 to 5.

## **SWOT Matrix**

The SWOT matrix describes a company's opportunities and threats. It can be modified to the company's strengths and weaknesses (Jannah & Firdaus, 2022). This matrix includes four strategies.

SO Strategy: This strategy utilizes internal Strength to take advantage of external opportunities

ST Strategy: Using its internal Strength to reduce the negative impact of external threats

WO Strategy: This strategy focuses on overcoming internal weaknesses by maximizing external opportunities

WT Strategy: Reduce internal weaknesses and avoid threats

## **METHOD**

This descriptive type of research was conducted on the Lokalate brand. Data collection is acquired from secondary data and observation. The analysis used in this study is a descriptive analysis, which did not use a test and did not have any errors. The analysis method used in this study is the SWOT analysis method, which contains three stages: data collecting, IFAS and EFAS analysis, and determining strategies.

## **RESULTS AND DISCUSSION**

### **Internal Factors**

The results of the identification carried out on internal factors are as follows:

Strength:

1. Lokalate has many unique flavors that are adaptations of various characteristics in Indonesia, namely avocado, kawista, tape ketan, andaliman, and durian.
2. Lokalate coffee has a lower price than the average coffee product
3. Lokalate is a healthier coffee product with low sugar
4. The first brand that produces Gulan Aren coffee flavor in the form of sachet in Indonesia

Weaknesses:

1. Few loyal customers due to products that are not widely known
2. Hard to find Lokalate products in offline store
3. Unattractive strategy to promote products properly to direct scope
4. Maladaptive way to connect and adapt to current society

### **External Factors**

The results carried out on external factors are as follows:

Opportunities:

1. Increasing the consumption of coffee among coffee lovers can increase Lokalate's business

2. Lokalate's flavor that the other brand does not use (Kopi Durian)
3. Various flavors that originate from Indonesia can make it easier to compete in the international market
4. The increase of online and social media users that can be the platform for the local market

Threats:

1. The increase in raw materials that makes Lokalate products increase
2. The increase of foreign coffee product that enters Indonesia
3. Uncertain climate changes that can affect coffee quality
4. Public stigma regarding coffee consumption is unhealthy

**IFAS Matrix**

Table 1. IFAS Matrix

	<b>Internal Factors</b>	<b>Weight</b>	<b>Rating</b>	<b>Score</b>
<b>Strength</b>				
1.	Many unique flavors	0,125	3	0,375
2.	Cheaper price	0,125	3	0,375
3.	Healthy product with low sugar	0,125	4	0,5
4.	The first brand to produce Gulan Aren coffee flavor in a sachet	0,125	3	0,375
	<b>Total</b>			<b>1,625</b>
<b>Weakness</b>				
1.	Few loyal customers	0,125	2	0,25
2.	Hard to find in offline store	0,125	2	0,25
3.	Unattractive strategy in promotion	0,125	1	0,125
4.	Maladaptive in society	0,125	2	0,25
	<b>Total</b>	<b>1</b>		<b>0,875</b>
<b>Total Strengths and Weaknesses</b>				<b>2,5</b>
<b>X Value = (Strength Value – Weakness Value) 1,625 – 0,875 = 0,75</b>				

Source: Data processed by author

According to Table 1, the total value of the IFAS matrix is 2,5; this explains a strategic position in taking strength advantage to minimize internal weaknesses. The main strength of this brand is having a healthy product with low sugar, with a rating of 4 and a calculated score of 0,5. However,

this brand needs to overcome its weaknesses, such as its promotion strategy and the low loyal customers, by creating a more efficient approach.

**EFAS Matrix**

Table 2. EFAS Matrix

	<b>Internal Factors</b>	<b>Weight</b>	<b>Rating</b>	<b>Score</b>
<b>Opportunity</b>				
1.	An increasing amount of coffee consumers	0,125	3	0,375
2.	New flavour development	0,125	2	0,25
3.	Unique Indonesian flavors that can make it easier to compete in the international market	0,125	3	0,375
4.	The increase in online platforms and social media users	0,125	4	0,5
	<b>Total</b>			<b>1,5</b>
<b>Threats</b>				
1.	The increase in raw materials	0,125	2	0,25
2.	Foreign coffee products that enter Indonesia	0,125	2	0,25
3.	Uncertain climate changes affecting coffee quality	0,125	2	0,25
4.	Public stigma regarding coffee consumption is unhealthy	0,125	1	0,125
	<b>Total</b>	<b>1</b>		<b>0,875</b>
<b>Total Opportunity and Threats</b>				<b>2,375</b>
<b>Y Value = (Opportunity Value – Threats Value) 1,5 – 0,875 = 0,625</b>				

Source: Data processed by author

According to Table 2, the total value of the EFAS matrix is 2,375; this explains a strategic

position in taking opportunities that occur to minimize possible threats. The foremost chance is the increase of online platforms and social media users, with a rating of 4 and a calculated score of 0,5. Meanwhile, the main threat is the public stigma that coffee consumption is unhealthy, which needs to be overcome by creating a better strategy to promote and reduce public stigma.

### SWOT Quadrant

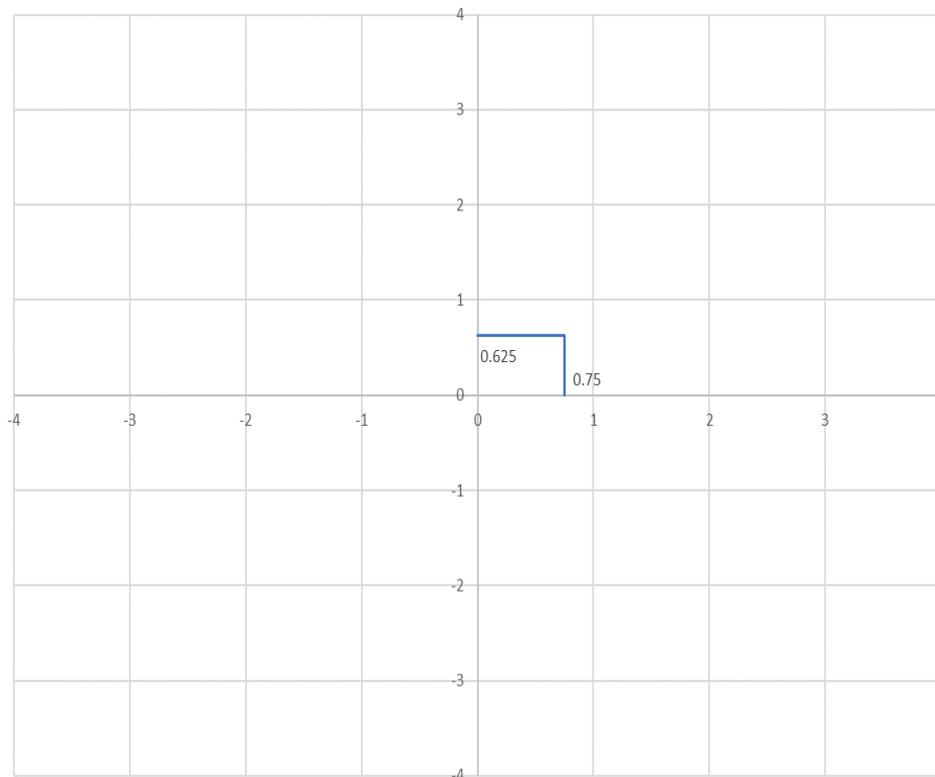


Figure 1. SWOT Quadrant

Based on the data obtained from EFAS and IFAS matrix, they can be detailed as follows: strength 1,625, weakness 0,875, opportunity 1,5, threats 0,875; then it can be seen that the difference between Strength and weakness are 0,75, meanwhile for the opportunity and threats are 0,625. Based on the quadrant above, the Lokalate brand is in the first (aggressive strategy quadrant) quadrant. The first quadrant means the company can maintain and advance its Strength by capitalizing on existing opportunities (Sulistiani, 2014).

### SWOT Matrix

After determining the result of all the EFAS and IFAS matrix descriptions, the strategy that could be applied to develop this brand is to maintain and advance its Strength to overcome the weaknesses and threats. A SWOT matrix analysis is necessary to determine the strategies needed for the company's growth and advancement. From a study conducted, the strategy updates are as follows:

### SO, Strategy

This strategy combines internal and external factors, namely, Strength and opportunity. This strategy utilizes internal Strength to take advantage of external opportunities. Here is the SO strategy that should be carried out as follows:

1. Proceed to improve and expand Lokalate's unique Indonesian flavors
2. Targeting coffee enthusiasts and health-conscious customers
3. Utilize Lokalate's unique Indonesian flavors to penetrate the international market

### ST Strategy

This strategy focuses on internal Strengths and threats. This strategy is used to overcome threats by using internal Strength. Here is the ST strategy that should be carried out as follows:

1. Expand relations between multiple suppliers and inspect alternative sourcing options to decrease the impact of increasing raw materials for the coffee product
2. Carry out an educational campaign about the health benefits of coffee consumption to avoid misconception
3. Adapting Lokalate's unique Indonesian flavor and competitive pricing to differentiate Lokalate from foreign competitors

### WO Strategy

It is a strategy that employs weaknesses and strategy as the main factor. This strategy is applied to minimize weaknesses by exploiting the opportunities that exist. Here is the WO strategy that should be carried out as follows:

1. Educate consumers about Lokalate's unique flavors and increase brand awareness
2. Develop a more attractive promotion strategy to increase consumer interest and loyalty
3. Perform and advance digital marketing efforts through social media and targeted advertising to engage with online audiences effectively

### WT Strategy

It is a defensive strategy resulting from the combination of weakness and threats. This strategy tries to avoid threats while also minimizing company weaknesses. Here is the WT strategy that should be carried out as follows:

1. Expand distribution channel with more offline retail and conduct efficient distribution to improve the availability of the product for the customer
2. Adaptation to changing market, conduct research to understand consumer behavior and adapt Lokalate's products

## CONCLUSION

Based on the analysis carried out on the Lokalate brand, the SWOT quadrant concludes that the Lokalate brand is in quadrant I. Indicates that the Lokalate brand maintains greater strength and opportunities to develop its business. The IFAS result obtained a total value 2,5 with a 1,625-strength value and 0,875 weakness value. Indicates that the Lokalate brand utilizes more Strength rather than the weakness value. Meanwhile, the EFAS result obtained a total score value of 2,375, with an opportunity value of 1,5 and a threat value of 0,875. It shows that the Lokalate brand has a more significant opportunity than the threat value.

Based on the research, the SO (strength-opportunity) strategy is the appropriate method to develop Lokalate's marketing strategy, namely improving and expanding unique Indonesian flavors, targeting coffee enthusiasts and health-conscious customers. Unfortunately, SWOT analysis endures limitations regarding the depth of analysis and the possibility of missing a crucial factor. Therefore, applying SWOT must be flexible and adaptable to the always-changing environment. However, the researcher is not responsible for the marketing strategy decision-making due to the limitation of the research; further and more accurate research needs to be conducted to maximize the marketing strategy of the Lokalate brand.

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