Business Strategy Formulation Using the SWOT Method for Rona Coffee Shops

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doi: 10.51505/ijebmr.2022.6722 URL: http://dx.doi.org/10.51505/ijebmr.2022.6722

Abstract

This study aims to formulate a business strategy of a coffee shop business based on methods that are generally used in strategic management. Facing fairly tight competition in the business world, management is required to always evaluate its business conditions such as where the business is currently located. To determine the position of the business, it is necessary to analyze its internal conditions and external conditions. These two analyzes are known as SWOT analysis. The method used in this study is the interview and questionnaire method. The benefit of this analysis is that management needs to prepare improvements to its business strategy so that it can compete with its competitors. Internal Factors Analysis Summary and Exsternal Factors Analysis Summary methods are used to determine the business position of Rona Coffe Shops. While the SWOT method is used to formulate business strategies based on internal and external conditions. The results of the study showed that Rona Coffee Shops was in the business position of quadrant VII, namely Growth (growth strategy). So the right treatment is Hold and Maintenance (defense and maintenance), which is obtained from the IFE matrix of (3.20) and the EFE matrix of (1.77). Based on the business position, business strategies that can be planned by the company based on SWOT analysis can be generated four alternative business strategies, namely by expanding the distribution network, increasing promotions, increasing consumer and employee loyalty, and developing products to maintain the selling price of products.

Keywords: Business Strategy, Coffee shops, EFE Matrix, IFE Matrix, SWOT Analysis

1. Introduction

1.1 Research Background

Having a business or business is a characteristic of people with an entrepreneurial spirit, namely the innovative ability to see a business opportunity. One of the business opportunities that exist in Indonesia, especially in big cities such as Yogyakarta, is the coffee shop business. The coffee shop business is very promising because it is a trend for teenagers to parents.

According to Nizar, the growth of the middle class in 2009 reached 99 million people, then it is estimated to increase to 111.51 million people in 2014 and 128.51 million people in 2020 (Nizar, 2015). This encourages investment interest and consumption passion in the community.

Therefore, the coffee shop business can be used as an option by consumers to spend time relaxing, gathering and enjoying coffee drinks.

Coffee in addition to being consumed also has its own artistic charm such as latte art, which is the art of painting coffee using fresh milk. The fun battle brewing single origin competition is a presentation about Arabica coffee explaining the taste that comes out and others, so that coffee drinks become familiar to the public.

According to Prasetyo, (2018) ralali.com manager and digital business expert in Indonesia explained that in 2017 the number of coffee shops in Yogyakarta and its surroundings reached 1200, this figure is much higher than the nearest major cities such as Semarang with around 700 coffee shops, and Solo around 400 coffee shops (Prasetyo, March 5, 2018, Ralali Captures Coffee Shop Business Opportunities in Yogyakarta, https://selular.id/2018/03/ralali-tangkap-peluang-bisnis-kedai-kopi-di-yogyakarta/). Based on the number of coffee shops in Yogyakarta, business competition between coffee shop business actors is very tight, so a business strategy is needed in running a coffee shop business.

Rona Coffee shop is one of the coffee shops located in Yogyakarta. At first, the management of Rona Kopi made the target market was students, but with the passage of time by seeing a fairly good market response, the management added a target market, while the target market entered was the general public such as online motorcycle taxi drivers, store employees and others. Rona Coffee has several competitors, located still in the same location, namely in the area of Glagahsari street, which includes the Slurp Coffee and Figs Tea shops. These competitors display each uniqueness that is packaged very attractively in its marketing such as Slurp Coffee and Figs Tea with its cold brew flavor, which is fermented from coffee so that it brings out comfortable flavors. Then nongkring coffee shop with a more complete food court concept which is more complete and has a strategic location by selling coffee drinks below the market price. Then shop 27 coffee shops with a café-like concept, the target of shop 27 is teenagers who like to take pictures. By looking at the results of the evaluation of internal and external conditions, Rona Coffee shops need to carry out their business strategy. For this reason, how does the management formulate its business strategy using the SWOT method?

Several studies on business strategy have been carried out including Sulasmi et al (2021) on analyzing the management of travel agent business strategies during the new normal aftrer Covid. Still using the same method, namely the SWOT method and setting a long-term to short-term strategy, then Liana Dwi, (2021) in the management study of food and beverage business strategy. These two studies discuss business conditions in the period towards normal news and it can be seen that business conditions are starting to move towards a positive movement so this study needs to be carried out.

In a study conducted by Barata (2018) business collaboration with competitors is one of the business strategies that can be carried out. The results of this study can provide discourse on efforts to design strategies in this study. Then Sari (2020) in her study in the agency and travel services business also formulated her business strategy still using the SWOT method. Wulandari (2018) and Anas (2018) Conducting a study on the application of business strategy management in small and medium enterprises and showing that the SWOT method is a simple method but is able to help formulate strategies on all types of business behavior.

1.2. Literature Review

Strategy Definition

According to Gumelar, Pratiwi, and Riyanto (2014)Strategy is a tool used to achieve goals. Strategy can be said to be an adjustment action to react to a certain environmental situation that can be considered important, where the adjustment action is carried out consciously based on reasonable considerations. The strategy is formulated in such a way that it is clear what the company is and will implement in order to achieve the goals to be achieved

Strategy is described as a way in which the organization will achieve its goals, in accordance with the opportunities and threats of the external environment faced as well as the internal resources and capabilities of the organization.

Based on this definition, according to Novianto (2017) there are three factors that have an important influence on the strategy, namely the external environment, internal resources and capabilities, and the goals to be achieved. In essence, an organizational strategy provides the basics of understanding how it will compete and survive

Strategy Types

In principle, according to Rangkuti (2017) strategies can be grouped based on three types of strategies, namely management strategies, investment strategies and business strategies

Management Strategy

Management strategy includes strategies that can be carried out by management with a macro strategy development orientation. For example, product development strategies, pricing strategies, acquisition strategies, market development strategies, strategies regarding finance and so on.

Investment Strategy

This strategy is an investment-oriented activity. For example, does the company want to carry out an aggressive growth strategy or seek to penetrate the market, a defensive strategy, a rebuilding strategy for a new division or a divestment strategy and so on.

Business strategy

This business strategy is often also called a functional business strategy because this strategy is oriented to the functions of management activities, for example marketing strategy, production or operational strategy, distribution strategy, organizational strategy and strategies related to finance

Business Strategy and Concept of Competing in Competition

Corporate strategy defines what kind of business the company is in. A business strategy defines how a particular business competes. Every business needs to find its own basis of competition based on certain market segments and products that it has decided to enter (Faruq, and Usman, 2014).

Efforts to seize and win the competition is something that requires thought, careful and comprehensive strategic planning. There are many aspects associated with trying to win a competition. Aspects that can be identified related to efforts to win a competition are as follows (Wulandari, 2017):

a. Determine what is competing.
b. Formulate the objectives of the competition or those to be competed against.
c. Strategic objectives of the competition.
d. The scope of competition.
e. The time of competition is stated as the starting point of the trial and when the business or competitive activity will be carried out or commenced.
f. Make a comprehensive strategic plan from the competitive agenda.
g. Make a SWOT (Strengths Weaknesses Opportunities Threaths) analysis against the competition to find out the strengths and weaknesses

Understanding SWOT Analysis

SWOT analysis is an analysis that helps in making decisions for the development of a strategy in an organization based on the information and data that has been collected. This analysis helps the organization to achieve strategic success by improving the aspects of its strengths and opportunities and reducing its weaknesses and threats. SWOT analysis stands for strengths (strengths), weaknesses (weaknesses), opportunities (opportunities) and threats (threats) (Parrangan, Kumadji, and Yulianto, 2015).

According to Wulandari (2017) SWOT analysis identified various factors systematically to formulate company strategy. This analysis is based on logic which can maximize strengths and opportunities, but at the same time minimize weaknesses and threats. The strategic decision-making process is always related to the development of the company's mission, goals, strategies and policies. Thus the strategic planner must analyze the company's strategic factors (strengths, weaknesses, opportunities and threats) in the current conditions. This is called situation analysis. The most popular model for situation analysis is SWOT analysis. The function of the SWOT analysis is to help find the right business strategy.

Strategy Classification

According to David (2017) The strategy is divided into several parts, namely generic strategy, main strategy, and functional strategy. Generic strategies are divided into 4 namely integration strategies, intensive strategies, diversification strategies, and defensive strategies. The following is an explanation of these strategies:

Integration Strategy

This strategy gives the company control over distributors, suppliers, and competitors. This strategy consists of forward integration, backward integration, and horizontal integration. In the collective form, the integration strategy is often also referred to as a vertical integration strategy. Forward integration is a strategy that seeks greater ownership or control to distributors or retailers. Backward integration is a strategy that seeks greater ownership or control over a company's suppliers. Horizontal integration is a strategy that seeks greater ownership or control over a company's competitors.

Intensive Strategy

This strategy is used when the company wants to improve its competitive position. Companies that implement this strategy will make intensive efforts. Intensive strategy consists of market penetration, market development, and product development.

Market penetration is a strategy that seeks to increase market share for existing products or services through greater marketing efforts.

Market development is the introduction of existing products or services to new geographic areas. This strategy usually aims to increase market share.

Product development is a strategy to increase sales through modifying or improving existing products or services.

Diversification Strategy

A diversification strategy is a strategy that a company does when it wants to expand its operational activities to a different industry than the current one. This strategy consists of concentric diversification, conglomerate diversification, and horizontal diversification.

Concentric diversification is adding new but related products or services. It can also be said to create new business activities whose business value chains have a competitively valuable cross-business strategic fit. The goal of concentric diversification is to create new products related to the same market.

Conglomerate diversification is adding new products or services that are not related. This strategy can also be said to create new business activities whose business value chains are so dissimilar to existing ones that there are no competitively valuable cross-business relationships. The goal of this strategy is to add new, unrelated products in different markets.

Horizontal diversification is adding new products or services that are not related to current customers. Destination this strategy is to add new products that are not related to the goal of satisfying the same customer.

Defensive Strategy

This strategy includes rescue actions so that the company is spared from large losses that lead to bankruptcy. This strategy includes retrenchment, divestment, and liquidation.

Retrenchment is regrouping through costs and assets to reverse declining sales and profits. This strategy is also often referred to as a reversal or reorganizational strategy.

Divestment is selling a division or part of an organization. Divestment is often used to raise capital for the purpose of strategic acquisitions or further investments. Divestment can be part of a retrenchment strategy to divest a company's business that is unprofitable, requires too much capital or is not compatible with the company's other activities.

Liquidation is selling all company assets, separately to get real value. Liquidation is usually used to close a company. Liquidation this is done with the assumption that it will be better for the company to stop its operational activities than to experience large losses due to continuing to carry out operational activities.

SWOT Matrix

According to Maulani (2016) The SWOT matrix is a matrix that analyzes strengths, weaknesses, opportunities and threats (Strengths, Weaknesses, Opportunities, Threats). The SWOT matrix is a matching tool that helps managers develop 4 types of strategies namely S – O (Strength –

Opportunity), W – O (Weakness – Opportunity), S – T (Strength – Threat) and W – T (Weakness – Threat) strategy. In the SWOT matrix, the matching stage will be carried out for each element, namely Strength, Weakness, Opportunities and Threats. Matching is done to produce realistic alternative strategies for the company

The SWOT matrix can be seen in Figure 1

IFAS / EFAS	**Strenght (S)** Determine 5-10 factors internal strength factor	**Weakness** Determine 5-10 factors internal weakness factor
Opportunities Determine 5-10 factors Eksternal opportunities factor	Creating strategies that use strengths to take advantage of opportunities	Creating strategies that minimize weaknesses to take advantage of opportunities
Threats Determine 5-10 factors External threats factor	Creating strategies that use strengths to address threats	Creating strategies that minimize weaknesses to avoid threats

Figure 1. SWOT Matrix (Rangkuti, 2017)

The tool for compiling the company's strategic factors shown in Figure.1 is the SWOT Matrix. This matrix clearly describes how the opportunities and threats faced by the company can be adjusted to the strengths and weaknesses faced by the company in order to achieve the expected goals (Firmansyah, and Abdilah, 2014).

Internal strengths or weaknesses combined with external opportunities or threats and a clear mission statement, form the basis for setting goals and strategies. Goals and strategies are set with the intention of exploiting internal strengths and overcoming weaknesses. The following is an explanation of the SWOT analysis, namely (Novianto, 2017):

Strengths

Strengths are resources, skills, or other advantages related to the company's competitors and market needs that the company hopes to serve. Strength is a special competition that gives a company a competitive advantage in the market place.

Weaknesses

Weaknesses are limitations or deficiencies in resources, skills and capabilities that effectively hinder the company's performance. These limitations can in the form of facilities, financial resources, management capabilities and marketing skills can be a source of company weaknesses.

Opportunities

Opportunity is an important favorable situation in the corporate environment. Important trends are one source of opportunities, such as technological changes and increasing relationships between companies and buyers or suppliers are a picture of opportunities for companies.

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ISSN: 2456-7760

Threats

Threats are important unfavorable situations in the corporate environment. Threats are a major nuisance to the company's current or desired position. The existence of new or revised government regulations can be a threat to the company's success.

Internal Environmental Analysis

The internal environment is the organizational environment within the organization and normally has direct and specific implications for the company. Analysis of the company's internal environment is defined as a strategic planning process that examines the company's marketing and distribution areas, research and development, production and operations, company resources and employees, as well as financial and accounting factors (Susanthi, 2017).

Internal Factor Evaluation Matrix is a method of systematic analysis to determine the strategic advantages of the company. In creating an IFE Matrix, the first step is to list the main internal factors. Then given a weight for each of these factors, the total sum of all weights must be equal to 1.0. After that, give a rating between 1 to 4 on each major external factor to show how effective the company's current strategy is in responding to these factors (Kumala, Oktaviani, and Maulani, 2017). An example of an IFE matrix model table can be seen in Table 1

Table.1 IFE Matrix Model

Critical Success Factors	Weight	Rating	*Score*
Strenght			
Weakness			
Total			

Resource: David, 2009

Table 1 shows that to create an internal matrix, the internal factors of a company are identified. An IFAS (Internal Strategic Factors Analysis Summary) table is prepared to formulate the internal strategic factors within the framework of the company's strengths and weaknesses, the stages are (Rangkuti, 2017):

a. Determine the factors that are the company's strengths and weaknesses in column 1.
b. Give each factor a weight on a scale ranging from 1.0 (most important) to 0.0 (not important), based on the influence of these factors on the company's strategic position. (all these weights must not exceed the total score of 1.00).

c. Calculate the rating (in column 3) for each factor by giving a scale ranging from 4 (outstanding) to 1 (poor), based on the influence of these factors on the condition of the company concerned. Positive variables (all variables that fall into the strength category) are scored from +1 to +4 (very good) by comparing them with the industry average or with the main competitors. While the negative variable is the opposite. For example, if the company's weaknesses are very large compared to the industry average, the value is 1, whereas if the company's weaknesses are below the industry average, the value is 4.

External Environmental Analysis

The external environment is the factors beyond control that influence the company's choice of direction and action, which in turn also affects the organizational structure and internal processes. External environmental analysis needs to be carried out to identify major opportunities and threats faced by an organization against changes in the company's external environment so that managers can formulate strategies to take advantage of these opportunities and avoid or minimize the impact of potential threats that arise (Susanthi, 2017).

External Factor Evaluation Matrix is used to evaluate the company's external factors. External data is collected to analyze matters relating to economic, social, cultural, demographic, environmental, political, government, legal, technology issues, competition in industrial markets, as well as other relevant external data. the steps in making the IFE matrix are to list the main external factors. Then given a weight for each of these factors. Then give a rating between 1 to 4 on each major external factor to show how effective the company's current strategy is in responding to these factors. Multiply the weight of each factor by its rating to determine the weighted score. Then add up the average score for each variable to determine the total weight score for the organization

(Kumala, Oktaviani, and Maulana, 2017). An example of an EFE matrix model table can be seen in table 2

Table 2 EFE Matrix Model

Critical Success	Weight	Rating	*Score*
Factors			
Opportunities			
Threats			
Total			

Resource: David, 2009 (Rangkuti 2017)

According to Rangkuti (2017) Table 2 shows that to create an external matrix, we need to first know the External Strategic Factors (EFAS). The following are ways to determine External Strategic Factors :

a. Arrange in column 1 (5 to 10 opportunities and threats).

b. Give each factor a weight in column 2, ranging from 1.0 (very important) to 0.0 (not important). These factors are likely to have an impact on strategic factors.

c. Calculate the rating (in column 3) for each factor by giving a scale ranging from 4 (outstanding) to 1 (poor), based on the influence of these factors on the condition of the company concerned. The rating value for the opportunity factor is positive (a bigger chance is given a +4 rating, but if the opportunity is small, it is given a +1 rating). Giving a threat rating value is the opposite. For example, if the threat value is higher, the rating is 1. Conversely, if the threat value is low, the rating is 4.

d. Multiply the weight in column 2 by the rating in column 3, to obtain the weighting factor in column 4. The result is a weighted score for each factor whose value varies from 4 (outstanding) to 1 (poor).

The function of the IFE and EFE matrix is as a determinant in finding the business position

Internal and External Matrix (IE)

According to Sapuro, Hidayat, and Yulianto (2016)The IE matrix is prepared based on the company's external and internal environmental conditions combined from the EFE and IFE matrices. According to Prawati, and Wijayanti (2017) The parameters used include the parameters of the company's internal strength and external influences faced. The purpose of using this model is to obtain a more detailed corporate-level business strategy. The diagram can identify 9 cells of the company's strategy, which can be seen in table 3 but in principle the 9 cells can be grouped into 3 main cells: Growth Strategy (which represents the growth of the company itself (cells 1,2 and 5) or verification efforts (cells 7). and cell 8), Stability Strategy (a strategy that is implemented without changing the direction of the strategy that has been set), Retrenchment Strategy (an effort to reduce or reduce the effort made by the company (cells 3,6 and 9) can be seen in table 3

Table 3. I-E Matrix Corporate Strategy Model

	Strenght 3,0-4,0	Moderate 2,0 – 2,00	Weak 1,0-1,99
4,0 Strenghth 3,0	I Growth	II Growth	III Retenchment
Moderate 2,0	IV Stability	V Growth / Stability	VI Retenchment
Weak 1,0	VII Growth	VIII Growth	IX Liquidatioan

(Rangkuti, 2017)

According to Rangkuti (2017) To obtain a more detailed explanation of the nine strategies contained in the nine cells of the IE matrix, see table 3

Growth Strategy

Designed to achieve growth in both assets, profits, or a combination of the three. This can be achieved by lowering prices, developing new products, increasing product or service quality, or increasing access to a wider market. Efforts that can be done are by how to minimize costs (minimum cost) so as to increase profits.

Growth Strategies through Concentration and Diversification There are two strategies of growth at the corporate level, namely concentration in one industry or diversification into other industries. Based on the research results, companies that have good performance tend to concentrate, while companies that relatively lack good performance tend to diversify in order to improve their performance.

If the company chooses to concentrate, it can grow through a horizontal or vertical integration strategy, either internally through its own resources or externally by using outside resources.If the company chooses a diversification strategy, it can grow through the concentration of conglomerate diversification, either internally through the development of a product, or externally through acquisitions. Examples of growth strategies are cells I, II, V, VII and VIII.

Concentration via Vertical Integration (cell I)

Growth through concentration can be achieved through vertical integration by means of backward integration (taking over suppliers) or by means of forward integration (taking transfer of distributor function). This is the main strategy for companies that have a strong competitive market position (high market share) in a highly attractive industry.

In order to increase its business strength or competitive position, companies must implement efforts to minimize costs and inefficient operations to control product quality and distribution.

Vertical integration can be achieved through both internal and external resources. Henry Ford, for example, used internal resources to build factories outside Detroit. It integrates the manufacturing process, starting from the input in the form of iron ore to the output in the form of a car product. Instead, Du Pont, a giant chemical company, chooses an external route for backward vertical integration by taking over Conoco to meet the oil requirements needed to manufacture Du Pont's synthetic products.

Vertical integration is generally found in the petroleum industry, basic car chemicals, and products that use forest products. As shown in table 3. some of the advantages of this vertical integration are lower costs and increased coordination and control. This is the best way for companies that are strong in order to increase competitive advantage in an attractive industry.

Concentration through Horizontal Integration (Cells II and V)

The growth strategy through horizontal integration is an activity to expand the company by building in other locations, and increasing the types of products and services.

If, the company is in a very attractive industry (cell II), the goal is to increase sales and profits, by taking advantage of the advantages of economies of scale in both production and marketing. Meanwhile, if the company is in a moderate attractive industry, the strategy applied is consolidation (cell V). The goal is relatively more defensive, which is to avoid losing sales and losing profits.

Companies in this diesel can expand markets, production facilities, and technology through internal and external developments through acquisitions or joint ventures with other companies in the same industry. For example, American Airlines in 1960 chose a horizontal strategy through the formation of the Asian Division (Pan American Airlines). Maytag corporation also opted for horizontal integration by means of acquisition.

Concentric Diversification (cell VII)

The growth strategy through diversification is generally carried out by companies that have a very strong competitive position, but the attractiveness of the industry is very low. The company is trying to exploit its strengths to make new products efficiently because the company already has good manufacturing and marketing capabilities. The principle is to create synergies (2+2=5) with the hope that the two businesses together can create more profit than if they did it alone.

Conglomerate Diversification (Cell VIII)

A growth strategy through unrelated business activities can be carried out if the company faces a competitive position that is not so strong (average) and the attractiveness of the industry is very low. These two factors forced the company to invest in other companies. However, when the company reaches a mature stage, companies that only have an average competitive position tend to decline in performance. For this reason, a conglomerate diversification strategy is needed. The emphasis of this strategy is more on financial synergy than product market synergy (as in the concentric diversification strategy).

The Matching Stage

According to Setyorini, Efendi, Santoso (2016) The IE (Internal External) matrix in table 3 is useful for positioning companies into a matrix consisting of 9 cells. The IE matrix consists of two dimensions, namely the total score of the IFE matrix on the X axis and the EFE matrix on the Y axis. The matrix is grouped into three main strategies, namely: *Growth* and Build is in cells I, II or IV. Suitable strategies are intensive (market penetration, market development, and product development) or integration (backward integration, forward integration, and horizontal integration).

Hold and Maintenance includes cell III, V, or cell VII. The general strategies used are market penetration, product development and market development.

Harvest and Divest includes cells VI, VIII or IX. The strategy used is a divestment strategy, a conglomerate diversification strategy, and a liquidation strategy.

2. Method

The method used in this study is interviews with parties related to the study, including the owner, manager and marketing manager of the coffee shop, then a literature study and a study of the results of several studies related to strategic management and finally the questionnaire method. The open questionnaire is a questionnaire distributed to owner and managers to identify internal and external environmental conditions and a closed questionnaire is used to assess the weight and rating of factors from internal and external conditions.

The stages carried out in this study are as follows:

Observation and Literature Study

At this stage observations were made to find out the problems that existed in Rona Kopi and some looked for sources to solve these problems such as journals and books.

Identification of problems

At this stage, it is carried out to identify problems that occur in the company. Factors that influence the marketing strategy.

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Formulation of the problem

The formulation of the problem is the main problem that occurs in Rona Kopi, from the results of the identification a problem is taken, namely determining the right strategy to get a stable income.

Data collection

Data collection is based on the results of interviews with management and observations which become an internal factor and an external factor. These factors will later be used as indicators in the SWOT matrix.

IFAS EFAS Matrix

At this stage, determine the company's position from 9 cells by looking at the total score, namely the weight times the rating between internal factors and external factors.

SWOT analysis

At this stage the researcher determines a SO, WO, ST, and WT strategy that is in accordance with the IE. matrix

Formulation of alternative business strategy

After finding the company's position in quadrant VII, at this stage the researcher formulates a business strategy that fits these conditions.

Analysis and Discussion

At this stage all the results that have been obtained are analyzed and then drawn a conclusion.

Conclusions and recommendations

Conclusion is a discussion of statements that occur in the company and suggestions are considerations and proposals.

3. Results

Research result

Based on the results of interviews with management, an analysis of the internal environment can be made in the IFE matrix contained in table 4. And an analysis of the enternal environment can be made in the EFE matrix contained in table 5

Table 4. Analysis of Internal Factors of Coffee Rona Strengths and Weaknesses

Internal Factors		
No	Strenght	Weakness
1	Large parking area	Limited finance
2	Strategic location	Online marketing that has not run optimally due to the account verification process the old
3	Free wifi	Does not yet have its own place
4	The concept of an open bar (anyone can mix your own coffee drinks)	Still rely on a menu made from coffee
5	Many sockets	do not yet have their own raw materials (Roasted Beans)
6	Word of mouth to mouth	Narrow coffee shop area
7	*Food court concept*	Cleanliness of the shop area that has not been awake

Table 5 Analysis of External Factors Opportunities and Threats of Coffee Rona

External Factors		
No	Opportunities	Threats
1	The rise of online marketing such as go-food, grab food, Instagram and others	Have similar or non-similar competitors
2	The existence of coffee trends among teenagers to parents	Products are easily imitated by others
3	The existence of consumer loyalty	Increase in raw material prices (Roasted Beans)
4	The existence of culinary events such as SUNMOR (Sunday Morning) and FKY (Yogyakarta Cultural Festival)	The emergence of similar products at a lower price
5	Feedback from suppliers in the form of discounts due to a good relationship	Increase in rental prices of places

After formulating the internal factors (strengths and weaknesses) and external factors (opportunities and threats) of the company, a questionnaire of the company's internal and external strategy factors was made to find out the highest rating and weight. The weighting of the IFE-EFE strategy factor was carried out by 8 respondents ranging from owners to employees.

According Maulani (2016)The input stage is the first stage in strategy formulation. The input stage summarizes the basic input information needed to formulate a strategy. The input tools require the strategist to calculate subjectively in the early stages of the strategy formulation process. Making small decisions in the input matrix concerning the relative importance of external and internal factors that result in and evaluate strategies more effectively. Good intuitive research is always needed

in assigning appropriate weights and assessments. EFE (External Factor Evaluation) and IFE (Internal Factor Evaluation) are one of the strategy formulation techniques at the input stage.

According to Nugroho (2018), basically determining the weighting in the internal environment the level of importance is based on the influence of several strategic factors on its strategic position, while in the external environment it is based on the possibility of having an impact on its strategic factors, while the rating value is based on the magnitude of the influence of strategic factors on the company's condition.

Determining the rating and weighting in the IFE and EFE matrix tables is obtained by finding the average that has been filled in by eight respondents by adding up the value of each item and then dividing by eight in internal and external factors. Determination of the rating and weight obtained based on the results of the questionnaire.

IFE Matrix

The IFE (Internal Factor Evaluation) matrix is used to determine how big the role of the internal factors in the company. The IFE matrix describes the company's internal conditions consisting of strengths and weaknesses calculated based on ratings and weights taken by questionnaires from eight respondents consisting of owners, managers, marketing, finance and employees or baristas at Rona Coffee Shops. Calculation of this questionnaire was taken from an average of eight respondents..

Table 6 shows the IFE matrix which analyzes 14 critical success factors consisting of seven strengths and seven weaknesses filled by 8 respondents.

Table 6. Results of IFE Matrix Analysis Strengths and Weaknesses

Strenght Factors				
No	Internal Strategic Factors	Average Weight	Average Rating	Total Score
1	Large parking area	0,074	3,25	0,241
2	Strategic Location	0,080	3,50	0,280
3	Free Wifi	0,071	3,13	0,223
4	The concept of an open bar (anyone can mix your own coffee drinks)	0,040	1,75	0,070
5	Many sockets			
6	Word of mouth to mouth	0,077	3,38	0,260
7	*Food court concept*	0,072	3,13	0,223
Weakness Factors				
No	Internal Strategic Factors	Average Weight	Average Rating	Total Score
1	Limited Finance	0,074	3,25	0,241
2	Online marketing that has not run optimally due to the account verification process the old	0,066	2,88	0,189
3	Does not yet have its own place	0,080	3,50	0,280
4	Still rely on a menu made from coffee	0,066	2,88	0,189
5	Do not yet have their own raw materials (Roasted Beans)	0,074	3,25	0,241
6	Narrow coffee shop area	0,077	3,88	0,260
7	Cleanliness of the shop area that has not been awake	0,089	3,88	0,343
	Total	1		3,20

EFE Matrix

The EFE matrix is used to determine how much influence the company's external factors have. The EFE matrix describes the company's external conditions consisting of opportunities and

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ISSN: 2456-7760

threats that are calculated based on the weights and ratings taken through eight respondents consisting of owners, managers, marketing, finance and employees or baristas at Rona Coffee Shops. Calculation of this questionnaire was taken from an average of eight respondents. Table 7 shows the EFE matrix that analyzes 10 critical success factors consisting of five opportunities and five threats filled by 8 respondents.

Table 7. Results of the Opportunities and Threats EFE Matrix Analysis

Opportunities Factors				
No	External Strategic Factors	Average Weight	Average Rating	Total Score
1	The rise of online marketing such as go-food, grab food, Instagram and others	0,099	1,50	0,149
2	The existence of coffee trends among teenagers to parents	0,095	1,63	0,154
3	The existence of consumer loyalty	0,080	1,38	0,110
4	The existence of culinary events such as SUNMOR (Sunday Morning) and FKY (Yogyakarta Cultural Festival)	0,109	1,88	0,365
5	Feedback from suppliers in the form of discounts due to a good relationship	0,080	1,38	0,110
Threats Factors				
No	External Strategic Factors	Average Weight	Average Rating	Total Score
1	Have similar or non-similar competitors	0,102	1,75	0,179
2	Products are easily imitated by others	0,102	1,75	0,179
3	Increase in raw material prices (Roasted Beans)	0,102	1,75	0,179
4	The emergence of similar products at a lower price	0,109	1,88	0,205
5	Increase in rental prices of places	0,095	1,63	0,154
	Total	1		1,784

Based on the results of the internal and external evaluation analysis, the IFE and EFE matrix are obtained as shown in Figure 2

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External Factor Evaluation	Internal Factor Evaluation		
	High 3,00 – 4,00	Average 2,00 – 2,99	Low 1,00 -1,99
High 3,00 – 4,00	**1. Growth** Concentration through vertical integration	**2. Growth** Concentration through horizontal integration	**3. Growth** Turnaround
Average 2,00 – 2,99	**4. Stability** Beware	**5. Growth** Concentration through horizontal integration Stability no change in profit strategy	**6. Retrenchment** Captive Company or Divesment
Low 1,00 1,99	**7. Growth** 1,78 Concentric diversification	**8. Growth** Conglomerate diversification	**9. Retrenchment** Bankruptcy or liquidation

Figure 2. IFAS EFAS Matrix

Rona Coffee Shops is in cell VII position which shows the company is in a Growth position or Growth strategy

4. Discussion

Based on the results of the IFAS and EFAS matrix shows that Rona Coffee shops occupy the cell VII position which indicates the company is in a growth position or growth strategy, so the right treatment is Hold and Maintenance. The strategy in this quadrant is a concentric diversification strategy. Namely market penetration strategy, product development and market development.

This strategy is carried out on companies that have a very strong competitive position so that it can be said to have a big threat, but the industry attractiveness is low so it can be said that the opportunities obtained are low. In general, companies will make products efficiently based on the core and make optimal use of its manufacturing capabilities, good distribution network, and all potential resources

Based on the strategy recommendations generated from the IFAS and EFAS several strategies are produced based on the SWOT analysis.

A SWOT analysis is important to help managers develop four types of strategies. The four strategies in question are, first the SO (Strength-Opportunity) strategy. This strategy uses the company's internal strengths to seize opportunities that exist outside the company (externally). This strategy aims to minimize the company's internal weaknesses by taking advantage of

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external opportunities. The third strategy is ST (Strength-Threat). Through this strategy the company seeks to avoid or reduce the impact of external threats and the last one is the WT (Weakness-Threat) Strategy. Based on Maulani (2016) This strategy is a tactic to survive by reducing internal weaknesses and avoiding external threats.

The third strategy is ST (Strength-Threat). Through this strategy the company seeks to avoid or reduce the impact of external threats and the last one is the WT (Weakness-Threat) Strategy. Based on Maulani (2016) This strategy is a tactic to survive by reducing internal weaknesses and avoiding external threats.

Based on strengths, weaknesses, opportunities, and threats, an alternative strategy can be formulated consisting of SO (strengths and opportunities), ST (Strenghts and Threats), WO (Weaknesses and Opportunities), and WT (Weaknesses and Threats). Table 8 shows the results of the strategy based on the SWOT analysis

Table 8**.** Formulation Business Srategy Based on SWOT Analysis

IFAS / **EFAS**	**STRENGHT**	**WEAKNESS**
	1. Large parking area	1. Limited Finance
	2. Strategic Location	2. Online marketing that has not run optimally due to the account verification process the old
	3. Free WiFi	3. Does not yet have its own place
	4. The concept of an open bar (anyone can mix your own coffee drinks)	4. Still rely on a menu made from coffee
	5. Many socket	5. Do not yet have their own raw materials (Roasted Beans)
	6. Known by word of mouth	6. Narrow coffee shop area
	7. Food court concept	7. Cleanliness of the shop area that has not been awake
OPPORTUNITIES	**(S-O) STRATEGY**	**(W-O) STRATEGY**
1. The rise of online marketing such as go-food, grab food, Instagram and others 2. The existence of coffee trends among teenagers to parents	1. Participate in exhibition activities to increase share coffee enthusiast market, such as FKY (Cultural Festival Yogyakarta), SUNMOR (Sunday Morning), Coffee Museums and others.(S6, O3, O4)	1. Harnessing innovation with coffee base to create flavor which is different. (W4, W5, O1, O2, O4)

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3. The existence of consumer loyalty 4.The existence of culinary events such as SUNMOR (Sunday Morning) and FKY (Yogyakarta Cultural Festival)	2. Maintain every cleanliness coffee shop area for gain loyalty user. (S3, S4, S6, S7, O3)	2. Maintaining quality and product continuity for increase satisfaction consumers and loyalty user. (W6,W7,W3,W5,O5,O3)
5. Feedback from suppliers in the form of discounts due to a good relationship	3. Maintain trust between suppliers, consumers and the owner of the premises. (S1,S2,O3,O5,)	
THREATS		
	(S-T) STRATEGY	**(W-T) STRATEGY**
1. Have similar or non-similar competitors	1. Create a promotional program such as referral programs, give away, bloggers and influcers at social media. (S1,S2,S3,S4,S5,S7,T1)	1. Maintain the selling price products on the market. (W1,W2,W3,W4,W5,W6,W7, T1,T3,T4,T5)
2. Products are easily imitated by others	2. Give appreciation or tribute to baristas or employees if sales exceeded the target. (S6,T2)	2. Making frenchise, branches coffee shop or cooperation to reduce risks go out of business (W1, T1, T2)
3. Increase in raw material prices (Roasted Beans) 4. The emergence of similar products at a lower price	3. Expand the network distribution by means of add product types and new service, adding target market and customers new. (S6, T4)	3. Reduce expenses by way of prioritizing basic needs. (W1, T3, T5)
5. Increase in rental prices of places		

Based on table 8, it can be seen that the strategies formulated are the result of a combination of strength factors with opportunity factors and threat factors. Likewise, the weakness factor with the opportunity factor and the weakness factor, so it can be seen that several business strategies have been produced by considering internal and external factors. Strategies that use strength factors to achieve opportunities and use strength factors to deal with threats each produce 3 business strategies, while to overcome weakness factors to achieve opportunities produce 2 business strategy formulations, while to overcome weakness factors to face threats produce 3 business strategy formulations.

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Conclusion

The results of this study showed that results of the internal and external strategic factors, Rona Coffee Shops is in cell VII position which shows the company is in a Growth position or Growth strategy. which indicates the company is in a growth position or growth strategy, so the right treatment is Hold and Maintenance. The strategy in this quadrant is a concentric diversification strategy. Namely market penetration strategy, product development and market development.

The strategy in cell VII is that the company has a very strong competitive position or has a large threat, but attractiveness the industry attractiveness or opportunity is very low.

Based on the business position, business strategies that can be planned by the company based on SWOT analysis can be generated four alternative business strategies, namely by expanding the distribution network, increasing promotions, increasing consumer and employee loyalty, and developing products to maintain the selling price of products

Recommendations and Implications

Some strategy recommendations that can be given to the management, including promoting through the official website and introducing the advantages of Rona Coffee shops, participate in exhibition activities to increase market share, maintain product quality and continuity to improve consumer satisfaction and consumer loyalty, make innovations with coffee-based ingredients to create different flavors, utilizing social media to promote products, maintain every cleanliness of the shop area, maintain trust between suppliers, consumers and place owners, establish Standard Operating Procedures on services, reduce expenses by identifying and eliminating unnecessary activity and causing waste

The next recommendation that can be given is the need for further studies on determining which strategic priority decisions will be implemented.

The implication of all this is that the management should periodically evaluate its internal and external conditions in order to improve the development of the business that has been carried out

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