

Generic Competitive Strategy; A Case Study on Microbusiness

Zainal Arifin, Dessy Isfianadewi, Jannah Nur Eka Marlina

Abstract— Now a days two-wheeler HEV is an excellent option for low and medium power application due to its high efficiency, high torque to inertia ratio, large energy volume and minimum maintenance. According to the study's results, the suggested control algorithm lowers power losses caused by high frequency switching by removing phase current sensors and regulating voltage source inverter (VSI) fundamental frequency switching. There are no additional controllers or electronics necessary to regulate the speed of the two-wheeler HEV.

The VSI variable DC jumper voltage controls the speed. Soft-starting a two-wheeler HEV is possible using Maximum Power Point Tracking (MPPT). Our agricultural business is greatly dependant on rainfall. The system is totally powered by renewable energy, which is always available and unconstrained. Solar energy generation has advanced technologically, making the system more efficient. As a consequence, this technology might be utilised to solve the problem of load shedding in irrigation. In this way, solar power benefits farmers in decreasing their energy costs and obtaining a competitive advantage if excess electricity is sent to the utility grid. Brushless DC motors are simple, cost-effective, and efficient for a PV solar water pumping system. The Zeta Transformer is used to extract the most power from the SPV range.

This article also discusses the topic of developing a Solar Powered BLDC Motor to drive an Two wheeler Electric Vehicle, which is one of the answers to the impending issue. The strategy to picking the proper components for this application is explored, and each of them is simulated and submitted to numerous tests. The complete system, which included the solar module, batteries, a boost converter, and a two-wheeler HEV, was dubbed the Solar Powered two-wheeler HEV Driven Two wheeler Electric Vehicle.

Ground transportation fuel efficiency rules have been tightening across the globe during the last decade. Power-split hybrid technology is one of the most promising options to achieve those stringent requirements. " The Toyota Prius, for example, has effectively applied this technology and shown a fuel efficiency increase of over 60%. Due to the fact that trucks now account for more than two-thirds of light-duty vehicle sales in the United States, few hybrid electric light trucks are now on the market..

Index Terms— Competition, Culinary, Strategy, Marketing.

I. INTRODUCTION

Culinary is still one of the promising business sectors. The reason is that food is a basic need. Food is a basic human need that is needed at all times. Since it has big potential, there are many business actors in the culinary sector. It makes the culinary industry more competitive. Therefore, the culinary business requires good management to remain competitive (Papilaya et al., 2015). The success of the culinary business

can be determined by several dimensions such as resources, strategy, education and capabilities (Horng & Tsai, 2012).

Porter's 5 Forces model is a model created by Porter (1979), an expert and professor at Harvard University which aims to describe the analytical framework of business development. This model analyzes the competitiveness of a business by looking at external factors such as competitors, suppliers, buyers and substitutes.

This research is an experimental study conducted on PempekKuy. PempekKuy is a culinary business that sells traditional food from South Sumatra, called Pempek. We compare which competitive advantage strategy is better, whether a differentiation strategy or a cost leadership strategy.

II. THEORETICAL REVIEW

A. Competitive Strategy

The first step to formulating a competitive strategy is to define the structure of the industry in which the firm will operate. The generic industry structure results from a balance of five basic competitive forces. Porter's Five Forces theory is a method used to determine the strength of the industry based on the company's external factors (Porter, 1979). This theory arises based on the view of the Industrial Organization which is a management view that the company is very concerned about external factors to gain competitive advantage.

The relative strength of these forces determines the competitive balance of the industry. The combined strength of the forces puts pressure on the profitability of the industry. Further explanation can be seen in Figure 1 below:

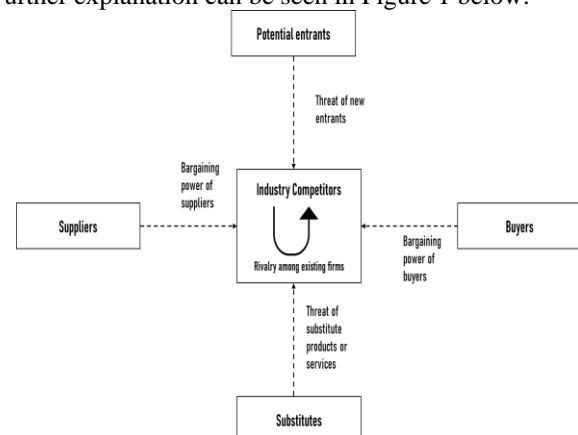


Figure 1. Five Forces Driving Industry Competition

B. Differentiation Strategy

A differentiation strategy is a strategy made by the business entity to create a unique business compared to its competitors. This uniqueness can be seen from the characteristics of the product that offers the value desired by

Zainal Arifin, Universitas Islam Indonesia
Dessy Isfianadewi, Universitas Islam Indonesia
Jannah Nur Eka Marlina, Universitas Islam Indonesia

consumers so that it makes the product unique. Kotler (2006) explains that a company's competitive advantage can be determined through bargaining power such as company differentiation which can provide more value to consumers than that brought by competitors. Differentiation strategy focuses more on product advantages, development and introduction of new products to the market to discover the uniqueness of their products (Porter 1980).

A company's differentiation can be divided into several forms, such as product, service quality, personnel, image, and distribution channel. Traditionally, product differentiation can be classified based on several characteristics, such as durability, form, and use (Kotler and Keller, 2007). In addition to differentiating its products, the company can also differentiate its services. According to Kotler & Keller (2007), companies can offer several service differentiations, such as ease of ordering, delivery, installation, employee service, and customer consultation. In addition, a company can gain a strong competitive advantage by hiring and training better staff than its competitors. Kotler and Keller (2007) explain that the criteria for perfect staff include ability, courtesy, credibility, reliability, agility and good communication.

C. Cost Leadership

Cost leadership is part of a competitive strategy in business that aims to build a competitive advantage for a business by getting the lowest cost among its competitors. This is usually done by large-scale production or by innovating the production processes that allow the company to increase economies of scale. The theory of cost leadership strategy was first introduced by Michael Porter

D. Company Profile

PempekKuy is a culinary business that sells traditional food from South Sumatra, called Pempek. The word Kuy is taken from the millennial language which means to invite. Thus, we hope that this brand can attract as many people as possible to come to this culinary. The location which is located in a coffee shop makes PempekKuy more known to the younger generation where the target market of PempekKuy is students. Therefore, the product price is adjusted to the purchasing power of students and young people.

The market segmentation of PempekKuy is students and young people. We market our products digitally through social media Instagram. We also use professional photography services so that every photo posted on Instagram can attract customers to buy. To increase brand awareness, PempekKuy collaborates with several food bloggers. As a result, the number of our followers has increased gradually since the promotion was carried out. It was also followed by an increase in sales. Although it requires high marketing costs, it has managed to increase sales of pempekkuy over time.

III. METHODOLOGY

In this research, we carry out an experimental study on PempekKuy. The data used are primary data collected

directly from PempekKuy itself. The analytical method used is the observation of PempekKuy's business operations for six months.



Figure 2. Brand Logo

This study aims to compare which is the most appropriate competitive strategy to be applied to the PempekKuy business. Comparison is made between differentiation strategies and cost leadership strategies.

IV. ANALYSIS AND DISCUSSION

We have carried out business identification to determine which strategy is more suitable for this business.

A. The failure of differentiation strategy

The differentiation strategy focuses more on the uniqueness of the product which makes the product price is high. Meanwhile, the market targeted by Pempekkuy is students and young people who prefer good quality but affordable products for them. Therefore, PempekKuy changed the strategy to a cost leadership strategy that focused more on cost advantage.

Developing a product that has its differentiation can provide a higher value but makes it more expensive. This strategy does not fit the target market, where the dominant segmentation is students and young people. They tend to buy food that is cheaper but still has good quality.

B. The fluctuation of food raw material price

The expensive price of raw materials is the main problem for PempekKuy. Meanwhile, the high price of raw materials will have an impact on the high price of Pempek. The market share is young people who want a lower price. So that it will have an impact on the decline in Pempek sales because consumers cannot afford Pempek prices.

Based on the identification above, we have implemented two solutions, namely changing the strategy from a differentiation strategy to a cost leadership strategy. The second solution is to buy raw materials in large quantities to get a cheaper price.

C. The use of cost leadership strategy

Differentiation strategy focuses more on product advantages, development and introduction of new products to the market to discover the uniqueness of their products (Porter 1980). This strategy is not suitable for the target market, where the target market is mostly young people who prefer products at affordable prices. The differentiation strategy focuses more

on products that have uniqueness and sometimes make the price of the food sold to be expensive. Thus, it will have an impact on the decline in purchase intention of the main consumers of PempekKuy.

Meanwhile, the cost leadership strategy is an attempt to generate a competitive advantage by obtaining the lowest cost (Porter 1980). This strategy focuses more on how to get lower costs and lower selling prices than its competitors. This strategy is following the segment targeted by PempekKuy, namely students and young people who prefer lower prices.

Therefore, PempekKuy prefers to use a cost leadership strategy rather than a differentiation strategy. The bestselling menus are pempektelur and pempekkulit. PempekKuy still provides exclusive (special) menus such as PempekTaishan, PempekEbi and Pempek cheese as the identity of Pempekkuy. It aims to make the brand easy for consumers to remember.

Although the production of each variant of Pempek has a different level of difficulty, PempekKuy still sells at the same price. But what makes the difference is the amount produced. Unique menus are produced in limited quantities.

D. Purchase more raw materials to get a lower price

Porter's Five Forces analysis is used to analyse the company's external environment based on the competition that occurs between the same companies. One of the variables is the bargaining power of suppliers. Strong bargaining power allows suppliers to sell raw materials at high prices or sell low-quality raw materials to buyers (Porter 1979). Thus, sales profits will be lower because it requires high costs. Preferably, the lower the bargaining power of suppliers, the higher the profit.

Getting suppliers at affordable prices allows pempekkuy to have even more benefits. The use of a cost leadership strategy requires the business to find suppliers who can ensure that the stock of raw materials is always sufficient and obtains a stable price. That way, the risk caused by unstable raw material prices can be overcome. So that pempekkuy can sell products at affordable prices. Thus, PempekKuy cooperates with suppliers and also buys in large quantities to get a lower price than the market price.

V. CONCLUSION

Price is still the most important thing in influencing consumer purchase decisions. The high price caused by a mismatch in using a differentiation strategy makes it difficult for PempekKuy to compete. Therefore, the cost leadership strategy was chosen to improve PempekKuy's positioning among competitors. As a result, most of the menus sold are pempek with more affordable prices but still have good taste. Therefore, it is recommended for similar businesses to give affordable prices, but still pay attention to product quality, because product quality is also important to attract consumer interest.

One of the most important things before starting a business is that companies must find suppliers who can ensure the availability of raw materials. Companies also should not depend on only one supplier. This is aimed to ensure the availability of raw materials. Make sure that by establishing a partnership, the company will get the best quality raw

materials because it can affect the quality of the resulted products.

REFERENCES

- [1] Bohlander, George & Scott Snell. 2010. Principles of Human Resource Management. 15th ed. Mason, OH: South Western-Cengage Learning.
- [2] Gartner, W. B. (1985). [Review of Competitive Strategy; Competitive Advantage, by M. E. Porter & M. E. Porter]. The Academy of Management Review, 10(4), 873–875. <https://doi.org/10.2307/25805>
- [3] Horng, J.-S., & Tsai, C.-T. (2012). Constructing Indicators of Culinary Tourism Strategy: An Application of Resource-Based Theory. Journal of Travel & Tourism Marketing, 29(8), 796–816. <https://doi.org/10.1080/10548408.2012.730945>
- [4] Heizer, J., Render, B. & Munson, C., 2017. Principles of Operations Management Sustainability and Supply Chain Management. London: Pearson. International; agency for Research on Cancer, vol. 98(8): 563-764
- [5] Kotler, Philip and Gary Armstrong, (2012). Principles of Marketing. Fourteenth Edition. Prentice Hall International Inc. New Jersey.
- [6] Kotler, Philip and Kevin L Keller. (2012). Marketing Management, 14th ed. Prentice Hall International Inc. New Jersey.
- [7] Lovelock, Wirtz. (2011). Services Marketing (People, Technology, Strategy). Pearson Education Limited. England
- [8] Porter, M. (1980). Competitive Strategy: Techniques for Analyzing Industries and Competitors. New York: Free Press.
- [9] Robbins, P. Stephen, Mary Coulter. 2014. Management. Twelfth Edition. United States: Pearson Education Limited
- [10] Porter, Michael E. 1979, The Five Competitive Forces That Shape Strategy, Harvard Business Review.
- [11] Porter, M. E. (1997). Competitive Strategy. Measuring Business Excellence, 1(2), 12–17. Doi:10.1108/Eb025476