

Strategy Formulation in Dealing with Business Competition - Case Study in MSME AG Food

Henny Khaerunisa and Sisdjiatmo K. Widhaningrat
(Master of Management, Faculty of Economic and Business, University of Indonesia)

ABSTRACT

Currently, one of the biggest challenge for MSMEs is how to increase sales and compete with other competitors. It is because the rapid development of information technology resulted to tighter business competition and requires the character of business players to be flexible and adaptive to such rapid changes. This study aims to formulate the strategies needed by MSME AG Food in increasing sales and dealing with business competition in Food Industry. The study is based on internal and external analysis and gap analysis between actual condition with expected condition at MSME AG Food. The method used in this study is qualitative. Data collection is done by interview, observation and documentation. The results of the study indicates that the strategy needed by MSME AG Food is development of entrepreneurial character of the owner through entrepreneurship training or joining the entrepreneurial community and the strategy of promoting the products to the consumer. Hence, widely known by the public through one of the internet social media, i.e Instagram as the owner is more familiar in using it than other social media and Instagram does not require a large cost for promotion.

Keywords: Sales; Flexible; Entrepreneurial Character; Instagram; Promotion.

INTRODUCTION

Food and beverage business is a profitable business because it will always get customers. Food and beverage have become a basic need of every human being. Food is a priority of the main products that are most bought by customers. These reasons make a business opportunity for MSMEs to enter the food and beverage business, with consideration of growth of Indonesian population year on year.

One of food and beverage business that has become a trend in urban communities in Indonesia is the frozen food business. Some frozen food products that are most interest by Indonesian people are chicken nuggets, sausages, potatoes, meatballs, dumplings and so on. This product is known as a practical food, easy to serve because it only takes a few minutes to cook and becomes a mainstay menu for people who have a busy activity schedule, do not have much free time to cook food that can take hours. From this fact, frozen food provides a promising and appropriate business opportunity for sale in urban areas. This is what drives business owners of frozen food "AG Food" to take advantage of these opportunities by managing a frozen food business. This business began by selling imported frozen potatoes "Aviko" and SoNice brand products consisting of chicken nuggets, sausages, karage and chicken wings that were purchased directly from suppliers and then resell to costumers.

In running its business, one of the biggest challenges for AG Food is how to increase sales and compete with other competitors. The number of competitors similar to AG Food and the rapid development of information technology has made business competition more stringent and requires entrepreneurial character to be flexible, responsive and adaptive to changes in the era that are so fast and determine the right marketing strategy. Previously, a product purchase transaction could only be done face to face and by telephone, but now with the internet, purchase transactions are made easier so there is a shift in offline business transactions to online businesses. This shift must be utilized by business people in order to win business competition, because many consumers tend to choose to shop online and spend more time online. Therefore, an internal, external and gap analysis is needed to find out the problems faced by AG Food. From these problems, strategies can be formulated to reduce the gap value between actual and expected condition of AG Food in dealing with business competition.

LITERATURE REVIEW

Micro, Small, Medium and Enterprise

According to Indonesian Law No.20 of 2008, concerning Micro, Small, Medium and Enterprise that:

- ❖ Micro business is a business with a maximum asset of Rp.50,000,000 (excluding land and building) and a maximum annual sales of Rp.300,000,000.
- ❖ Small Businesses, is a business with assets between Rp.50,000,000 - up to Rp.500,000,000 (excluding land and buildings) and an annual sales between Rp.300,000,000 up to Rp.2,500,000,000
- ❖ Medium Business is a business with assets of between Rp.500,000,000, - up to 10,000,000,000 (excluding land and buildings) and an annual sales of Rp.2,500,000,000 up to Rp.50,000,000,000.

Porter's Five Forces Analysis

Analysis of the external environment is performed using Porter's Five Forces Analysis. This analysis was first introduced by Michael Porter in 1979. This analysis model uses five factors that are considered influential in the competition in the industry that is the threat of new

entrants, threat of substituted products, the bargaining power of buyers, bargaining power of suppliers, and rivalry Among Existing Competitors. These five factors can define the structure of the industry, and form competitive interactions in the industry (Porter, 2008). It is expected that by knowing the dynamics of competition, the company is able to determine a strategy to be able to adjust to existing conditions and able to survive in the industry. According to Kodrat (2009), the purpose of Porter's five forces analysis is to determine the competitive advantage of a company.

According to Thompson, Peteraf, Gamble and Strickland, (2018), there are five forces to diagnose competitive pressures in a market that is:

5. Rivalry Among Existing Competitors describes the state of business competition intensity with its competitors, whether there are many competitors and tight competition or not.

6. Bargaining Power of Buyers describes how easy customers are to move to buy products from competitors and the purchasing power of customers for the products offered.
7. Threat of Substitute Products describes the threat of substitute products or services that are capable of replacing the benefits of the products or services currently provided.
8. Threat of New Entrants illustrates how easily a new competitor ventures into a business that is being carried out, viewed from the aspect of investment or capital needed, human resources, technology, knowledge and ability.
9. Bargaining Power of Suppliers describes how many suppliers there are to supply raw materials in the production process.

SWOT Analysis

10.

Internal analysis of MSME performed using SWOT analysis. SWOT stands for: Strength, Weakness, Opportunity, and Threat. According to Gamble, Peteraf, & Thompson (2015), SWOT analysis is a simply powerfull tool for sizing company’s strength and weaknesess, its market opportunities and the external threat to its future well being. SWOT analysis provides a basis for developing strategies that capitalize company’s strength, capturing company’s opportunities and defends againts the threats.

According to David (2011), SWOT Matrix is an important tool which external and internal factors are analyzed to develop four types of strategies: SO (strengths-opportunities) Strategies, WO (weaknesses-opportunities) Strategies, ST (strengths-threats) Strategies, and WT (weaknesses-threats) Strategies. SO Strategies use a company’s internal strengths to take advantage of external opportunities. WO Strategies is created by minimizing the company's weaknesses by taking advantage of external opportunities. ST Strategies use a company’s internal strength to avoid or reduce the impact of external threats. While the WT Stretgies are based on activities that are defensive and try to minimize internal weaknesses and avoid external threats. However, the four strategies are developed after completing company’s external and internal factor, labeled S,W,O,and T.

	Strengts (S)	Weaknesses (W)
Opprtunities (O)	SO Strategies	WO Strategies
Threats (T)	ST Strategies	WT Strategies

FIGURE 1. SWOT Matrix

Source: David, Fred R. Strategic Management. 2011

Business Canvas Model

Business models describe how an organization can create, channel and capture the values of a business (Osterwalder, Pigneur, & Clark, 2010). The concept of a business model is needed so that everyone can understand the direction and purpose of a business and can easily describe a business model to be a new alternative strategy. A tool to explain the business model is with a canvas model business. According to Osterwalder & Pigneur (2010), Business Model Canvas is a business model that describes the rationale for how organizations create, deliver, and capture value. Business Model Canvas describes business models through nine blocks which cover 4 main areas, namely customers, supply, infrastructure and financial sustainability. The nine blocks are:

5. Customer Segment: This block describes a group of people who want to be reached or served by the company.
6. Value Propositions: This block describes the combination of products and services that create value for customers.
7. Channels: This block describes how companies communicate with customers and can reach customers by providing a value proposition.
8. Customer Relationship: This block describes the various types of relationships that a company builds with customers.
9. Revenue Streams: This block describes the money that the company produces from its customers.
10. Key Resource: This block describes the most important assets needed for a business model to work.
11. Key Activities: This block describes the important things that must be done by the company in carrying out its business model.
12. Key Partnership: This block describes the network of suppliers and partners that make business models work.

Gap Analysis

Gap analysis is an analytical tool used to compare the differences between the results achieved with those planned, and determine the causes of nonconformities that occur between actual and planned conditions (Dmitreva, Ilinova, & Kraslawski, 2017). This analysis can help find out the problems that become obstacles for businesses to develop and identify the actions needed to reduce the gap or achieve what MSME owners expect in the future (future targets). The problems that have been identified at this time and that are expected to be completed will be given a scoring with a scale of 1-100 on the actual and ideal conditions. Assessment must consider the owner's readiness to resolve the problem. After that, it will be known the gap value between the actual and ideal conditions for each problem. Problems will be sorted based on the highest gap value.

METHODOLOGY

This research uses a qualitative method. According to Sugiyono (2011), qualitative methods will tend to direct research to descriptive types of research. Therefore, this research is a type of descriptive qualitative research. Qualitative research draws data from various sources, both individuals and organizations, written documents, the environment, and uses in-depth interview techniques and direct observation (Cooper & Schindler, 2014).

Data collection techniques on AG Food are done by:

- In-depth interviews with owner to gather information such as the current conditions of MSMEs, end to end business processes, target owners for their businesses, constraints faced in frozen food businesses and so on. With this data, the data reflects the truth based on what is seen and heard directly by the researcher.
- Observation, the researchers come directly into the field. With these techniques, business conditions, business processes, and others can be observed in real terms by comparing the information obtained from the results of previous interviews with business owners. Observations made are only observing, there is no question of the activity being observed when the owner conducts business activities.
- In addition to interviews and observations, data can be collected through documentation activities. According to Cooper and Schindler (2014), documentation is an analysis of historical data, confidential and open records for the public, reports and documents.

Records of purchases, sales, inventories and lists of suppliers obtained from AG Food UMKM are documentation data.

The research location is at AG Food kiosk that sells frozen food which located on the edge of a large highway, Jalan Dermaga Raya No.9 Klender, Duren Sawit, East Jakarta precisely in the "D & R Carwash" car wash business area. The research was conducted to Mr. Ricko, as a resource because he is the owner and person who is directly involved in running the frozen food business, making it easier to get information such as end to end business processes, conditions encountered in the field, problems faced by AG Food. In addition to supporting analysis data, researchers also use customer's feedback data in Bukalapak and Tokopedia to see the satisfied customers of AG Food in buying of frozen food. The results of the data analysis are then used to conduct internal, external and gap analysis.

RESULTS

Based on research result, frozen food business "AG Food" is a micro, small and medium enterprises (MSME) because the asset of AG food is below Rp 20 million (excluding of land and buildings). This business sells frozen food products consisting of frozen potatoes with Aviko brand and SoNice SoGood brand products: chicken nuggets, chicken sausages, chicken karage, and chicken wings. AG Food made a simple financial record consisting of recording income, expenses and inventory stock on a daily basis.

AG Food is a business that is used to earn a living family. It does not have employees because all business activities are carried out alone by the owner and assisted by his wife as an admin who receives orders for packaged frozen food products from costumers through the marketplace (Bukalapak and Tokopedia) and Whatsapp orders. It can be said that AG Food does not have a formal organizational structure like in the company.

The process of frozen food business "AG Food" starts from the process of purchasing frozen food supplies, namely Aviko brand frozen potatoes and So Nice and So Good products. The purchase of Aviko brand frozen potatoes is done by the owner through whatsApp orders to suppliers of PT Argo Boga Utama. Purchasing frozen potatoes is at least above Rp1 million and free shipping. Payment is made in cash when the item is received and will receive the invoice and travel documents. While the purchase of So Nice

and So Good products is also the same through WhatsApp orders to suppliers of PT So Good Indonesia. Product purchases are at least above two boxes with a price range of +/- Rp400 thousand and free shipping. Payment is made by transferring to the PT So Good Indonesia account after the item is received.

After the supply of frozen food is available, the owner then markets frozen food products online at the marketplace, namely Bukalapak (www.bukalapak.com) and Tokopedia (www.tokopedia.com) with the name AG Food shop. When prospective buyers visit the Bukalapak and Tokopedia websites, prospective buyers can choose the product to be purchased, chat to the seller for the availability of goods and make payments via bank transfer. If the purchase is made before 13.00 and payment has been made, the product will be packaged and shipped on the same day using an online motorcycle taxi while still in the Greater Jakarta area. In addition to selling online, AG Food also sells offline at Dermaga Raya. Prospective buyers can see the goods in real time and pay for purchases directly and the product can be taken directly by the buyer himself.

Five Porter's Forces Analysis

Based on the results of interviews, observations, the five forces in AG Food are

1. **Rivalry Among Existing Competitors.** Competition between existing competitors in the industry consists of several forms of competition, such as product discounts, new product introductions, promotional activities, and service enhancements (Porter, 2008). Competition in selling frozen food is very tight at Bukalapak and Tokopedia because there are many businesses that sell Aviko brand frozen potatoes, chicken nuggets, sausages, and karage brands So Nice & So Good. One of the most influential competitors in Bukalapak is Shakila Frozen. These competitors offer the same products such as Aviko brand frozen potatoes at a cheaper price. This price difference causes consumers to turn to Shakila Frozen. However, consumers in DKI Jakarta who consider shipping costs will choose AG Food UMKM because the location of the competitors is in Bekasi. Rainbow Girls Naget also offers the same product but the price offered is more expensive than AG Food with the same location in East Jakarta or the same price but in Bekasi (Nanos Corner). It can be said that UMKM AG Food provides competitive prices in the range of East Jakarta. From the description of the two competitors above, it can be concluded that the competitiveness of competitors entered the medium level (MODERATE). This is because AG Food can still compete with its competitors.
2. **Bargaining Power of Buyer.** Consumers have high bargaining power because there are many choices to buy frozen food at any seller at a lower price or the same price. Examples: Frozen Shakilla shops and Nanos Corner. AG Food can actually set prices cheaper when buying supplies in tonnage quantities (1000 kilos) or 100 Aviko potato boxes, but these purchases cannot be done because of limited funds. Then with the many choices of frozen food sellers, consumers can easily delay the purchase of frozen food due to of price and quality of the product offered. Costs incurred to switch to other competing products can be said to be low. Therefore, bargaining power from consumers goes into high level (HIGH).

3. Threat of Substitute Products. Substitution products are products that provide the same function, but in different forms (Porter, 2008). Hubbard, Beamish, and Rice (2011), explained several factors that led to the emergence of threats from substitution products, namely switching costs to switch to substitute products, types of products produced by the industry, as well as consumer's interest in buying substitution products. AG Food sells frozen food products. There are many substitute products offered on these products such as instant food (Indomie, porridge, spaghetti, etc.), or foods that are only directly warmed in the microwave and ready for fast food or canned food. Buyers can easily get these replacement products at lower prices. The costs spent to switch to substitute products can be said to be low. So the threat of substitution products enters a high level (HIGH).

5. Threat of New Entrants. Frozen food business is very easy to enter by new entrants because the capital needed is not too much, businesses can be done at home without having to rent a place, frozen food supply is very easy to obtain from suppliers because the minimum purchase order is still low, which is around 400 thousand to 1 million rupiah. Because consumers are looking for the cheapest prices and products that have long expiration dates, customer loyalty is low because some sellers offer lower prices compared to AG Food prices. Therefore, threat of new entrants enters the high level (HIGH). Bargaining Power of Suppliers. The supply of frozen food AG Food is highly dependent on one large supplier, namely PT Argo Boga Utama for the supply of Avico and PT So Good Food potatoes, therefore AG Food is very dependent on these two suppliers. Both suppliers have control over prices. So that it can be said that the bargaining power of the supplier goes to a high level (HIGH).

From the analysis of the Five Porter's Forces above, AG Food's business competition conditions in the frozen food industry as a whole can be concluded HIGH because competition among competitors is moderate, new competitors are easy to enter, buyers' bargaining power is high, suppliers' bargaining power is high and the threat of high substitution products is a challenge which is hard for AG Food. Although competition with competitors was considered moderate, it caused the profit gained was not much because AG Food had to compete aggressively in pricing to win the competition. Considering that Indonesia's population is 258.7 million people and those using the internet reach 143.26 million people (Setiawan, 2018) and the demand for frozen food is considered high, AG Food should increase sales channels and promotions through social media in order to market and promote products widely.

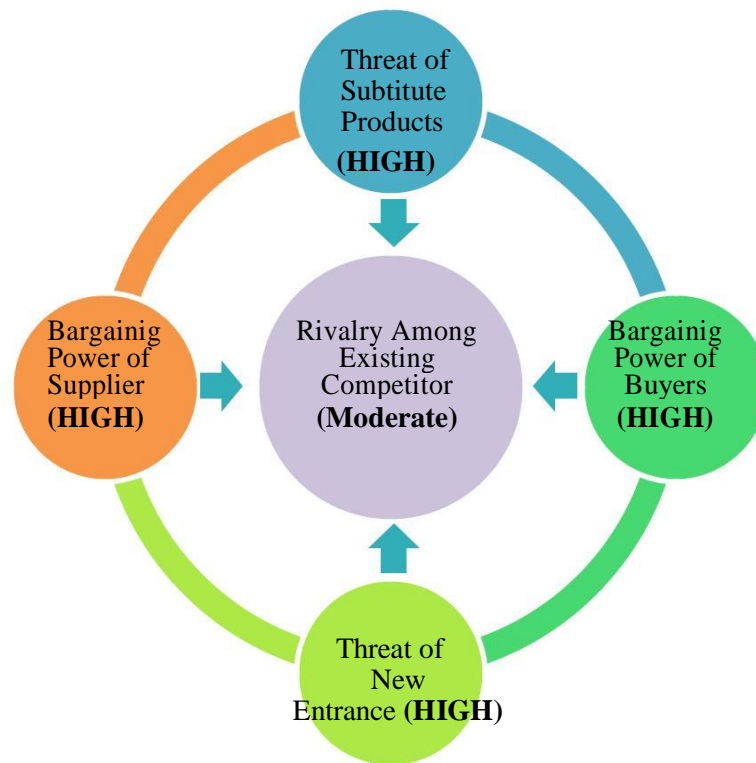


FIGURE 2. Porter's Five Forces Analysis "AG Food"

SWOT Analysis

SWOT Analysis is used to identify internal and external conditions on AG Food which will later be obtained by AG Food's strategy to improve business performance by minimizing weaknesses and anticipating threats. The following is a table of the results of the SWOT analysis on AG Food conducted through interviews, observation and documentation:

TABLE 1. SWOT Analysis “AG Food”

SWOT	Description
Strengths (S)	<ol style="list-style-type: none"> 1. The cheapest frozen food prices in East Jakarta 2. Frozen food products are halal and fresh products due to long expiration dates Already have a marketplace namely Bukalapak and Tokopedia as an online 3. sales tool 4. Good service from consumer feedback at Bukalapak and Tokopedia 5. Have four frozen box to keep frozen food products
Weaakness (W)	<p>Unmotivated owners and stop taking financial records due to</p> <ol style="list-style-type: none"> 1. unpreparedness in dealing with failure situations (decrease in sales) Do not have a social media account as a channel for selling and promoting 2. products because business owners only rely on the Bukalapak and Tokopedia marketplaces, without needing to follow the development of social media as a sales and promotion channel.
Opportunity (O)	<ol style="list-style-type: none"> 1. Urban lifestyle, people need practical food and easy to serve 2. Edible for all ages, both women and men 3. Increasing the trend of online shopping and online marketplace.
Threat (T)	<ol style="list-style-type: none"> 1. Health information related to frozen food Tight competition comes from similar MSMEs in the marketplace due to 2. the competitive prices or relatively the same price 3. Low entry barriers due to low capital needed

The SWOT matrix by AG Food is used as an action in determining the strategy for the results of the SWOT analysis. Determination of the four strategies can be seen in table 2. below:

TABLE 2. SWOT Matrix “AG Food”

SWOT Strategy	Strengths (S)	Weaknesses (W)
Opportunity (O)	<ul style="list-style-type: none"> • Adding the capacity of products sold by adjusting frozen box capacity • Become a Pelapak premium seller at Bukalapak to attract consumers' attention. 	<ul style="list-style-type: none"> • Create social media accounts – Instagram for an additional channel for selling and promoting products. • Join entrepreneur’s training or become members of entrepreneur’s community
Threats (T)	<ul style="list-style-type: none"> • Discounts products on Bukalapak and Tokopedia to attract consumers' attention • Providing good services to consumers online and offline. 	<ul style="list-style-type: none"> • Join entrepreneur’s training or become members of entrepreneur’s community

From the analysis table of the SWOT strategy, it appears that AG Food has not taken advantage of opportunities and minimize threats with its strengths. Therefore, it is necessary to make improvements to its weaknesses so as not to hinder the development of frozen food business and WO (Weakness Opportunity) strategy is chosen by opening channels of promotion through Instagram social media accounts so AG Food can sell and promote its products; and by joining entrepreneur's training or become members of entrepreneur's community to develop entrepreneur's characters.

Business Canvas Model

1. To understand the AG Food business model, the canvas business model is used. With nine business blocks, canvas models can map AG Food business models with data obtained from interviews with business owners, observations of AG Food business activities. Customer segment. AG Food targets the male and female segment aged 22-45 years, has spending expenditures in the range of Rp1 million to 3 million more per month (SES AC), living in DKI Jakarta, people with a practical food lifestyle, saving time, and easy to serve, people who often cook frozen food (1-2 weeks are up).
2. Value Proposition. AG Food offers added value to customers that the products they sell have a long expiration period, fresh products, halal for Muslims, providing fast service at Bukalapak and Tokopedia.
3. Channels. The sales and distribution channels used by UMKM AG Food in conveying value propositions to customers are carried out offline and online. Offline sales channels are carried out through physical kiosks located in Dermaga Raya East Jakarta and word of mouth is carried out in the owner's residence. While the online sales channel is conducted through the marketplace, Bukalapak (www.bukalapak.com) with the name "AG Food" and Tokopedia (www.Tokopedia.com) with the name "AG Food" shop and through orders Whatsapp friends of the owner, or from existing customers. The channel that is not owned by AG Food is social media. Indonesia has 130 million active social media users. Social media with active users namely Youtube, Facebook, Instagram and Twitter. Instagram users from Indonesia reached 53 million users or 20% of the total population (Ariyanti, 2018). By looking at these opportunities, if the AG Food AGME does not develop its marketing and promotion channels through social media it will be detrimental to its business to be able to grow. The social media that will be used by AG Food will be Instagram because the owners understand Instagram more than other social media.
4. Customer Relationship. In bonding with customers, AG Food blast up-to-date information on existing customers through whatsapp orders related to product stock, promotions, prices and new products. In addition, AG Food also responded to questions from customers from Bukalapak and Tokopedia both before and after buying and asked whether the items purchased had arrived or not. The relationship run by owner is good or not, can be seen from the testimonials of customers at Bukalapak, Tokopedia, and the message WhastsApp from customers. This testimonial can show customer satisfaction with AG Food both from products and services provided. Through existing

testimonials can increase sales because prospective customers can find out the products and services provided by AG Food UMKM.

5. Revenue Stream. AG Food earns revenue from the sale of potato products with brand Aviko and So Nice & So Good products at Bukalapak, Tokopedia and store.
6. Key Resources. The physical resources that AG Food has are 3 x 3m kiosks, one showcase that is used to put drinks and four frozen boxes (two of their own and two of PT So Good's property). Frozen boxes are the key to the frozen food business and put in the kiosk While non-physical resources owned by AG Food are human resources, namely business owners and venture capital.
7. Key Activities. AG Food's main activity is to purchase frozen food stocks, namely Aviko brand frozen potatoes and So Nice & So Good products (chicken nuggets, chicken sausages, chicken karage, and chicken wings). Stock purchases are carried out once a week when the stock of each frozen food product is thinning. Furthermore, when the stock of frozen food has arrived, the owner starts marketing and selling his products online and online at BukaLapak and Tokopedia, word of mouth and whatsApp orders to existing customers. In addition, AG food UMKM also conducts promotional activities within Bukalapak and Tokopedia by giving discounts on certain products.

Key Partners. AG Food has a key partner, a frozen food product supplier, PT Argo Boga Utama as a supplier of Aviko and PT So Good Indonesia as a supplier of So Nice and So Good products. The owner only focuses on the two brands so that it is very dependent on the supplier. AG Food supplies frozen food directly to the supplier so the price obtained is lower. The type of partnership carried out by AG Food AGM is the buyer-supplier, which is a relationship between buyers and sellers to guarantee a reliable supply (Osterwalder et al., 2010), because AG Food only makes purchases when an order is made so that AG Food selects a supplier that can guarantee and reliable about the supply needed. In the product sales and distribution process, UMKM AG Food uses the Bukalapak and Tokopedia marketplaces. While the process of sending products to consumers, AG Food uses Gojek and Grab ride online as partners. The use of ride online depend on customer preferences.

9. Cost structure. The cost structure contained in AG Food consists of the cost of purchasing frozen food stock, rental costs, internet subscription fees and electricity costs.

From the description of the nine blocks above, AG Food's canvas business can be made as shown below

<p><u>Key Partners</u></p> <ul style="list-style-type: none"> - Supplier PT So Good Indonesia and PT Agro - Boga Utama - Marketplace (bukalapak and tokopedia) - Gojek and Grab company 	<p><u>Key Activities</u></p> <ul style="list-style-type: none"> - Purchasing of frozen food stock, sales, and marketing frozen food product. 	<p><u>Value Proposition</u></p> <ul style="list-style-type: none"> - Standard price with a long expiration period - Fast service - Fresh and halal product (have halal certificate) 	<p><u>Customer Relationships</u></p> <ul style="list-style-type: none"> - Blast information to existing customers about stock frozen food 	<p><u>Customer Segments</u></p> <ul style="list-style-type: none"> - Demographic: men and women aged 22-45 years - SES A-C, - Geographic: DKI Jakarta (Indonesia territory) - Psikographic: people who like to eat practical food and easy to serve - Behavior: often cooking frozen food.
<p><u>Cost Structure</u></p> <ul style="list-style-type: none"> - Variable cost: cost of purchasing frozen food stock - Fixed Cost: rental cost, internet subscription fees and electricity costs. 			<p><u>Revenue Streams</u></p> <ul style="list-style-type: none"> - Sales of frozen food (frozen potatoes “Aviko” and SoNice&SoGood products) 	

FIGURE 3. Business Canvas Model “AG Food”

GAP analysis

Based on the results of interviews, observations and internal and external analysis tools, it was found that the problems faced and expected to be resolved by AG Food are:

1. Promotional channels through social media. Currently AG Food has not utilized social media as a sales and promotion channel. Online business competition is already very tight, if you do not have it, AG Food can be defeated by other competitors, because internet users in Indonesia have as many as 130 million people who have used social media. This is a great opportunity for AG Food and a threat to AG Food if didn't utilized social media. Currently, owner only relies on the marketplace. The product promotion in the marketplace is only known to people who want to shop for frozen food products by looking for the cheapest prices in marketplace. Using social media can make it easier for AG Food to sell, promote its products and provide information of products that sold at Bukalapak and Tokopedia and can promotes any ongoing products to attract consumers' attention (expected conditions). Therefore, the strategy that will be used to solve these problems is to make social media. The social media that will be used is Instagram with the consideration that the owner more understands than other social media.
2. The owner focuses on business. Currently, the owners are not responsive in dealing with changing situations of the digital era. They should be flexible and adaptive to the changes that occur in order to survive and compete with other competitors. The owner is not eager to follow the development of social media as a promotional channel to promote the products. The owner assume that the marketplace is enough to run his business. By not being responsive in dealing with changing situations, the entrepreneurial character of the owner has not yet been formed so that the entrepreneur's character development strategy is needed by participating in entrepreneurship training or joining the entrepreneurial community. Both training and joining the community can increase motivation because all businesses that join can exchange ideas and share experiences in running their business so that they do not make the same mistakes that they have done and can develop their business better. According to Lupiyoadi (2016), the entrepreneurial community can help businesses get the latest information about marketing trends, consumers and so on; as a place to learn entrepreneurship and a place to add networks to both consumers and suppliers.
3. Sale of fried fries and nugget. Currently, the owner only sells raw frozen potatoes. There is an opportunity for the owner to provide fried potatoes with a variety of sauces so that it can attract the attention of consumers, especially young people (expected conditions). Based on the Ansoff matrix, this strategy is included in the diversification strategy, the products offered and the intended market are new. To diversify requires new skills and techniques, as well as new facilities (Ansoff, 1957). This strategy sees the readiness of the owner, the implementation of this strategy will be postponed until the readiness of the owner
4. Administration of business transaction documents. Currently, transaction documents such as purchase documents, sales and others are not stored properly. The owner has difficulty in arranging and storing documents because there is no time for the owner to do documentation because frozen food business is only done by the owner alone. As a

result many documents are lost. The condition expected by AG Food is to have employees as admin to manage all documentation and record business transactions. But because of the

limited funds available to recruit employees, the implementation of this strategy will be postponed until the owner has enough fund to recruit the employee.

The four problems that have been identified at this time and that are expected to be resolved will be given scoring with a scale of 1-100 on the actual and ideal conditions. Then the gap value will be known for each problem.

TABLE 3. Gap Analysis “AG Food”

No	Problems	Actual	Ideal	Gap	% Cum Gap
1	Promotion channels through Instagram	40	95	55	34%
2	Owner focus on business	50	95	45	63%
3	Sale of fried fries and nuggets	0	40	40	88%
4	Business administration employee	70	90	20	100%

Based on the above problems, there are two main problems that need to be improved: AG Food’s promotion channel, which is resolved by creating and utilizing social media accounts through Instagram; and entrepreneurial character through entrepreneurship training or joining the entrepreneurial community.

MANAGERIAL IMPLICATION

The use of Instagram can be used as a channel for selling and promoting products so that AG Food products will be better known to most consumers and are expected to increase sales performance and compete with other competitors. While the development of entrepreneurial character (owner) is through by training or joining entrepreneurial community. It can help owners focus on entrepreneurship and develop business better because the participants who attend training or members in the community can share their experiences in running their business, or as a place to learn entrepreneurship.

CONCLUSION

Based on the results of internal, external analysis and gap analysis between the actual and expected conditions of AG Food, it can be used to formulate the strategy in order to increase sales and dealing with business competition. The strategy are creating promotional channels through social media, Instagram because the owners understand the use of Instagram. compared to other social media. This strategy needs to be done because online business competition is more competitive. AG Food can be defeated by other competitors. Business owners are required to have flexible and adaptive entrepreneurial characters in dealing with changing situations of the digital age. This entrepreneurial character development can be done through entrepreneurship training or joining an entrepreneurial community where fellow entrepreneurs can share their thoughts and experiences in running a business, a place to learn entrepreneurship and obtain the latest information thus the owner can focus on business.

SUGGESTION

Researcher wants to provide useful advice for AG Food to be able to develop its business,

1. AG Food should conduct an analysis of Instagram business accounts by using Instagram insights that can provide data and statistics to inform social media strategies.
2. AG Food should immediately implement a product diversification strategy by selling fried potatoes or nuggets with variations of sauces to get an additional income.

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UU No. 20 Tahun 2008 tentang Koperasi dan UMKM.

.

Henny Khaerunisa

Master of Management, Faculty of Economics and Business

University of Indonesia

Jakarta

INDONESIA

E-mail: henny.khaeru@gmail.com

Sisdjiatmo K. Widhaningrat

Master of Management, Faculty of Economics and Business

University of Indonesia

Jakarta

INDONESIA

E-mail : sisdjiatmo@gmail.com