

SWOT Analysis to Develop Market Share in SMEs of Hand-Made Fashion

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Abstract: This study aims to formulate a strategy through SWOT analysis in SMEs of hand-made fashion. This research type is explanatory with data collection technique through observation and depth interview. The results of the research by using the SWOT analysis of strengths, weaknesses, opportunities and threats obtained the result that in SMEs of hand-made fashion should provide product variations and design innovation according to market developments, improve the quality of packaging more attractive, expand the marketing area, maximize marketing efforts by adding nesting for advertising and sales promotion so as to enlarge existing market share.

1 INTRODUCTION

Small and medium enterprises (SMEs) have a strategic role in development national economy, because in addition to play a role in economic growth and employment absorption also play a role in the distribution of development results. Small and Medium Industry commonly known as Small Medium Enterprises (SMEs) are significantly important role in promoting economic growth in many countries (Mahmood and Norshahafizah, 2013: 82). This sector is also more resilient in facing the crisis

There are several factors that cause SMEs still encountered obstacles and problems, among others as follows: a) Internal factors of SMEs are as follows: lack of capital rely on the capital of the owner whose numbers are very limited, restricted human resources most small businesses grow traditionally and are family businesses that are hereditary, the weakness of business network and market penetration because the resulting product is very limited and has a less competitive quality. b) external factors of SMEs are as follows: the business climate is not fully conducive, limited lack of facilities and infrastructure, lack of information related to the advancement of science and technology, implications of regional autonomy, the nature of products with short lifetime, limited market access will cause the resulting product cannot be marketed competitively in both national and international markets. (Rosid, 2012).

Nowadays, everyone is required to have the skills in order to have high competitiveness. The lack of employment makes some people unemployed in addition to the limitations of soft skill, capital and entrepreneurial desire is an obstacle that is not easily overcome. However, a group of great women initiated by Ms. Kartini, armed with embroidery skills in Kedurus area of Surabaya, formed a self-help group by establishing Kedurus Sejahtera SMEs (KESRA SMEs) as a platform to aspire mothers especially around Kedurus to create a craft that has high economic value. KESRA SMEs produce handmade fashion like that wallet, cosmetic wallet, bag etc.

KESRA SMEs in manage is still very simple with familial system. Employees who work come from the community around the home area owner KESRA SMEs Kedurus area. In there had many problems in operating the business related which is financial management that is still manual, lack of product variation, less attractive packaging, lack of production capacity, less production sites, some raw materials that must be purchased from Jakarta and marketing system is still simple like sales by order.

Therefore, the development of SMEs should get attention from both the government and the community in order to grow more competitive. To achieve competitive advantage, KESRA SMEs should to internal and external environment analysis. One of most with SWOT analysis can to develop market share.

This study aims to describe 1) factors affecting internal and external environmental conditions in KESRA SMEs of handmade fashion, 2) formulate

strategy through KESRA SMEs SWOT analysis to expand market share in SMEs of hand-made fashion.

2 LITERATURE REVIEW

The performance of the small business sector is affected by two main factors namely the factors that exist in the external and internal environmental factors (Musran Munizu, 2010). Every business must be analysis internal and external environment to achieve competitive advantage. Having identified these factors strategies are developed which may build on the strengths, eliminate the weaknesses, exploit the opportunities or counter the threats.

SWOT analysis aims to identify the strengths and weaknesses of an organization and the opportunities and threats in the environment. Having identified these factors strategies are developed which may build on the strengths, eliminate the weaknesses, exploit the opportunities or counter the threats. The strengths and weaknesses are identified by an internal appraisal of the organization and the opportunities and threats by an external appraisal.

The same opinion is found by internal factors can described aspects of HR (managers and employees); financial aspects; technical aspects of production; and marketing aspects (Musram Munizu, 2010). The external environment divides into three main components, namely, the general environment, industrial environment, and the competitive environment (Hitt, Ireland, and Hoskisson 2011: 33).

The Strengths Weaknesses Opportunities Threats (SWOT) Matrix helps managers develop four types of strategies (David, 2011:330)

1. SO (strengths-opportunities) strategies, use a firm's internal strengths to take advantage of external opportunities
2. WO (weaknesses-opportunities) strategies, aim at improving internal weaknesses by taking advantage of external opportunities
3. ST (strengths-threats) strategies, use a firm's strengths to avoid or reduce the impact of external threats
4. WT (weaknesses-threats) strategies, are defensive tactics directed at reducing internal weakness and avoiding external threats

Table 1: SWOT Matrix

IFAS EFAS	Strengths (S)	Weaknesses (W)
	describe strengths internal factor	Describe weaknesses internal factor
Opportunities (O)	SO strategies	WO strategies
describe opportunities internal factor	use a firm's internal strengths to take advantage of external opportunities	aim at improving internal weaknesses by taking advantage of external opportunities
Threats (T)	ST strategies	WT strategies
describe threats internal factor	use a firm's strengths to avoid or reduce the impact of external threats	are defensive tactics directed at reducing internal weakness and avoiding external threats

Source: Rangkuti (2013:83)

There are eight steps involved constructing a SWOT matrix (David, 2011:330):

1. List the firm's key external opportunities
2. List the firm's key external threats
3. List the firm's key internal strengths
4. List the firm's key internal weaknesses
5. Match internal strengths with external opportunities
6. Match internal weaknesses with external opportunities, and record the resultant WO Strategies
7. Match internal strengths with external threats, and record the resultant ST Strategies
8. Match internal weaknesses with external threats, and record the resultant WT Strategies

3 METHODS

This research use explanatory research type. The object of this research is Kedurus Sejahtera SMEs (KESRA SMEs) located on Jl. Raya Mastrip No.34 Karangpilang, Surabaya. Data collection techniques used observation, documentation, and depth interviews. The data used in this study comes from primary data that is the result of depth interviews with the owner, employees and surrounding communities. Data processing in this research use three stages of research, which are 1) conducting internal environment condition analysis (strengths and weaknesses) and external environment (opportunities and threats), 2) assessing the relevance of strategy that has been applied in Kedurus Sejahtera SMEs

(KESRA SMEs) with the problems faced with SWOT analysis, and 3) formulate strategies recommendation that should be done by Kedurus Sejahtera SMEs (KESRA SMEs) to maintain its existence in order to achieve competitive advantage.

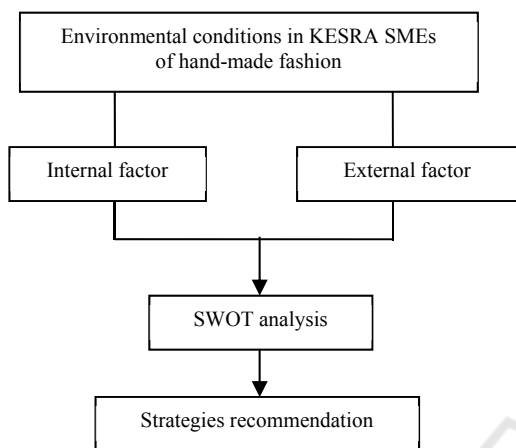


Figure 1: Framework stages of research

Figure 1 explains that the recommendation strategy that can be offered to KESRA SMEs to achieve competitive advantage one of them through SWOT analysis is based on SWOT matrix through the analysis of SO strategies, WO strategies, ST strategies, WT strategies. Environmental conditions in KESRA SMEs of hand-made fashion from internal environment and external factors. Factors affecting KESRA SMEs in identification are then translated into a SWOT matrix.

4 RESULTS AND DISCUSSION

4.1 Finding 1: Factors affecting internal and external environmental conditions in KESRA SMEs of handmade fashion

Sofyan and Ina (2015) explained that there is a significant relationship between internal and external analysis on the performance of small and medium industries (SMEs).

Internal environment analysis in KESRA SMEs of handmade fashion describing two factor there are strength and weakness factor.

a). Strength factor:

1. Competitive price
2. Good product quality

3. Employees have skills
 4. Financial strength
 5. Raw materials are easy to obtain
 6. Sufficient production equipment
 7. Unique design with embroidery technique
- b). Weakness factor:
1. Financial management that is still manual
 2. Lack of product variation
 3. Less attractive packaging
 4. The marketing system is still simple
 5. Lack of production capacity
 6. The existence of raw materials that must be purchased from Jakarta
 7. Less production sites

External environment analysis in KESRA SMEs of handmade fashion can be describing two factor there are opportunity and threat factor.

a). Opportunity factor:

1. Loyal customers
2. Larger market demand
3. Larger market share
4. Full government support
5. Patent

6. Promotion with WOM (word of mouth) is more effective

b). Threat factor:

1. The competitors that are similar in the market
2. Ext employees who become competitors
3. Raw material prices increasing
4. Marketing technology used by growing competitors
5. The development of products (wallets and bags) in new creations
6. Regional minimum wages increasing

4.2 Finding 2: Formulate strategy through SWOT analysis to expand market share in KESRA SMEs of hand-made fashion

Alternative development strategies formulated for KESRA SMEs of hand-made fashion based on the results of SWOT analysis were illustrated:

Table 2: SWOT Matrix in KESRA SMEs

	Strengths (S)	Weaknesses (W)
	<ol style="list-style-type: none"> 1. Competitive price 2. Good product quality 3. Employees have skills 	<ol style="list-style-type: none"> 1. Financial management that is still manual 2. Lack of product variation 3. Less attractive packaging

Table 2. Cont.

	4. Financial strength 5. Raw materials are easy to obtain 6. Sufficient production equipment 7. Unique design with embroidery technique	4. The marketing system is still simple 5. Lack of production capacity 6. The existence of raw materials that must be purchased from Jakarta 7. Less production sites
Opportunities (O)	SO strategies	WO strategies
1. Loyal customers 2. Larger market demand 3. Larger market share 4. Full government support 5. Patent 6. Promotion with WOM (word of mouth) is more effective	1. Expand the market share (S1, S4, O3, O4) 2. Increase the production capacity (S4, S5, S6, O2) 3. Expanding promotion mix (S2, S4, O1, O6) 4. More variation of design (S3, S7, O3)	1. Adding design variations for new products (W2, O3, O5) 2. Increase production capacity (W5, O3, O5) 3. Patented product (W4, O1, O4)
Threats (T)	ST strategies	WT strategies
1. The competitors that are similar in the market 2. Ext employees who become competitors 3. Raw material prices increasing 4. Marketing technology used by growing competitors 5. The development of products (wallets and bags) in new creations 6. Regional minimum wages increasing	1. Perform flexible market penetration through price (S1, T1) 2. Maintaining product positioning (S7, T2, T5)	1. Create attractive packaging (W3, T1, T5) 2. Creating an integrated marketing system by utilizing modern technology (W4, T1, T4)

Based on the results of table 2 SWOT matrix analysis (strength, weakness, opportunities, and threats) that KESRA SMEs has compared

systematically and structured with the aim of forming four strategies, namely SO, WO, ST, and WT strategies described below this:

1. SO (Strengths Weakness) strategy
The SO strategy or power opportunity strategy is a strategy that uses the power of KESRA SMEs to take advantage of existing opportunities into alternative strategies such as the following:
 - a. Expand the market share
 - b. Increase the production capacity
 - c. Expanding promotion mix
 - d. More variation of design
2. ST (Strengths Threat) strategy
ST strategy or force threat strategy is a strategy that uses the power of KESRA SMEs to anticipate threats from the external environment into alternative strategies as follows:
 - a. Adding design variations for new products
 - b. Increase production capacity
 - c. Patented product
3. WO (Weakness Opportunity) strategy
WO strategy or weakness opportunity strategy is a strategy that minimizes the weakness of KESRA SMEs by taking advantage of opportunities from external environment to alternative strategy as follows:
 - a. Perform flexible market penetration through price
 - b. Maintaining product positioning
4. WT Strategy
WT strategy or a weakness threat strategy is a strategy that minimizes the weakness of KESRA SMEs by anticipating threats from the external environment into alternative strategies as follows:
 - a. Create attractive packaging
 - b. Creating an integrated marketing system by utilizing modern technology

Based on the results of research conducted by (Moses Hubeis and Najib, 2008). The company's strategy is a strategy developed in a business so that the company will compete by changing the distinctive competence into competitive advantage.

Intensive strategy for KESRA SMEs can describe:

1. Market Penetration Strategy
This strategy can be purely or merged with other strategies. The market share for this product is quite large in the industry of embroidery craftsman ship manufacture, but this application is less maximal due to lack of corporate marketing system. However, market penetration strategies increase the number of salespeople, increase spending on advertising, offer

extensive promotional products or a combination of other marketing efforts.

2. Market Development Strategy

The market development strategy is to expand the marketing area of KESRA SMEs to new geographic areas that have not been reached by the number of people who have purchasing power and are likely to become potential buyers. This can be done outside the area of Surabaya or East Java. Most closely for example trying to establish relationships with existing partners in Sidoarjo, to market the product. Not only can that, opening a new outlet in a new area also be an alternative strategy. The right distribution channel is a key support for the implementation of this strategy. Add more design variation while maintaining unique designs with embroidery techniques and festoon puncture, increase production capacity, fixed the packaging by adding the brand/logo that became the hallmark of KESRA SMEs.

3. Product Development Strategy

This product development strategy can be done by KESRA SMEs by improving packaging with an attractive appearance to support the different product sizes. In addition, the company is also biased to provide a new and varied design, it is intended to anticipate the saturation of consumers will be a product design that does not change and monotonous though the customer who have been loyal to the company remains a potential buyer, Expand the marketing area, create a well-structured and organized marketing.

5 CONCLUSIONS

Strategies recommendation using swot analysed to develop market share in KESRA SMEs of handmade fashion should be Provide product variations and design innovation according to market developments. Improve the quality of packaging more attractive. Expand the marketing area with promotional mix. Maximize marketing efforts by adding nesting for advertising and sales promotion so as to enlarge existing market share. Therefore, the advice for this research is a KESRA SMES engaged in trading business, SMEs should keep up to date information about the market.

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