

Competitive Strategy for Wooden Pallet Packaging Products Using Porter's Five Forces Analysis (Case Study on CV. Karya Anugerah Sentosa)

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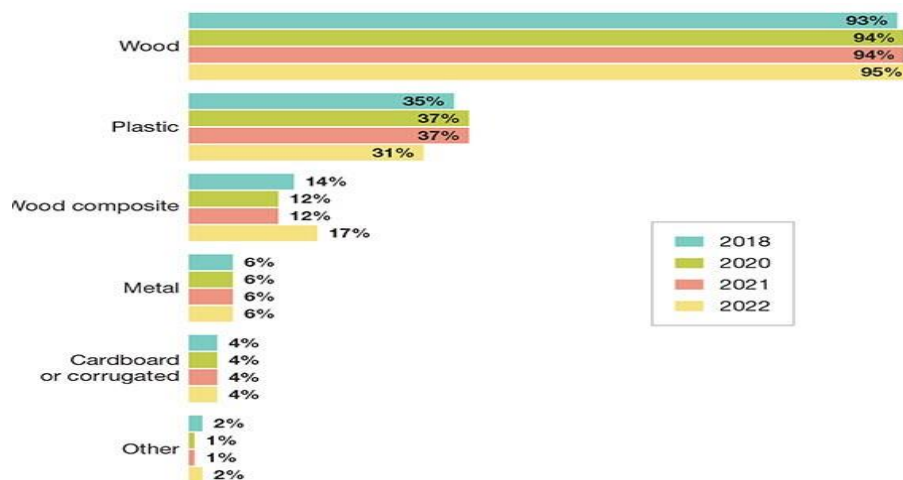
ABSTRACT

In the business world, competition between companies is very sharp, where new competitors can enter easily and suppliers and customers can increase their bargaining. With this research, it can be seen what strategies CV. Karya Anugerah Sentosa, the competitive climate of wooden pallet packaging manufacturing companies using Porter's Five Force theory and alternative strategies used. This type of research is descriptive qualitative research. The research subject is CV. Karya Anugerah Sentosa with the research object of Porter's five powers. The respondents used were one owner, one person in charge of the warehouse, four warehouse employees and seven consumers from different companies. The results of this research show that the strategies used to deal with Porter's five forces are differentiation strategies and diversification strategies.

INTRODUCTION

Competition between other competitors poses a threat to developing companies, new competitors can enter the industry easily, and suppliers and buyers can increase their bargaining drastically. The increase in the wooden pallet packaging processing industry is supported by the increasing level of demand for export, import and domestic activities. One of the companies engaged in processing wooden pallet packaging is CV. Karya Anugerah Sentosa. The phenomenon faced by CV. Karya Anugerah Sentosa is a company that has new innovations in processing wooden pallet packaging, therefore as a new business pioneer they have various threats from various external problems. Therefore, this company requires the application of appropriate strategies and theories to achieve the company's ultimate goals and maintain its advantages in order to outperform its competitors.

Jauch and Glueck, (1998) said that to avoid threats and maintain superiority over competitors, a company or industry needs Porter's five forces. Porter (2003) said that a company will have a competitive advantage if the company relies on each point of Porter's five forces, namely, the entry of new entrants, the threat of substitute products, the bargaining power of buyers, the bargaining power of suppliers and the presence of similar competitors. Kodrat (2009) said that the purpose of Porter's five forces analysis is to determine the company's competitive advantage. The nature of competition in an industry can be seen as a combination of five forces.



Source: Peerless Research Group

Peerless Research Group also explained that the use of wooden pallets is much higher than pallets made from other materials, as evidenced by surveys conducted from year to year, 95 percent of companies choose wooden pallet products as their superior product, this is also consistent with the previous year's results and continues to increase every year. In fact, industry forecasts for 2030 in the use of wooden pallet packaging will continue to increase drastically. Pallets are expected to be the fastest growing product type segment due to their global handling and distribution processes.

With the data above, business actors are competing to win their business. From one company to another, there is certainly very tight competition to win a product for each consumer. With the rise of business competition in Indonesia, this company must continue to innovate and highlight excellence in the products it produces. Apart from that, efforts are continuously being made to improve competitive strategies so as not to lose out to other business actors who are currently increasing

However, with the emergence of competitors who have similar products, the author applies Porter's five force theory with the aim of improving the competitive strategy of the company being studied. Michael Porter supports this theory and states that industry strength in competition is the main factor that determines company performance. Therefore, the aim of this research is to analyze: a) the strategy implemented by CV. Karya Anugerah Sentosa; b) competitive climate in the wooden pallet processing industry using porter five force analysis.

THEORETICAL REVIEW

Every business needs a competitive strategy if it hopes to win every competition. Enhancing a company's products and services' competitive position in a certain market or industry is the main goal of competitive strategy. The pursuit of a lucrative competitive position within an industry, the basic arena in which competition occurs, is known as competitive strategy. Consequently, competitive strategy is an endeavor to mold the environment in accordance with the goals of the organization as well as a reaction to it. (Porter, 2003).

The need for packaging as protection in industrial activities is very high. One of the packages that is common and widely used in industrial activities is wooden pallets. Seeing this potential, CV. Karya Anugerah Sentosa expands its business to sell wooden pallets for export and domestic industrial needs. Swatha (2005) said that packaging is a general activity and planning of goods which includes designs for wrapping or packaging a product. Pallets themselves are objects that are used as bases or protectors in the industrial world.

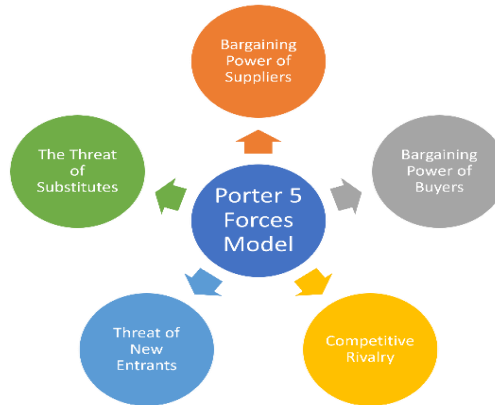
METHODOLOGY

This type of research is included in descriptive qualitative research because the researcher want to know and get depth of information related to the topic. The subject and object in this research are CV. Karya Anugerah Sentosa and indicators of porter's five strengths. Data collection techniques were carried out by means of observation and interviews.

RESULTS AND DISCUSSION

Porter's Five Forces

Using this approach, an organization's external environment is examined in terms of supplier and buyer negotiating power, threat of new competitors, threat of replacement products, and rivalry from similar businesses. (Porter, 1976).



Competition between similar companies

The following are indicators and analysis of research results related to competition between similar companies:

No.	Indicator	Analysis
1.	Number of competitors	The number of competitors in the Surabaya and Sidoarjo areas is around 30-40 companies, but the number of potential competitors is 15 companies in the Surabaya area.
2.	Increase in numbers competitor	The increase in competitors every year is around 1-2 companies
3.	Industrial growth of a kind per year	The growth of similar industries will continue to increase in line with market demand
4.	Growth impact industry on inflation	Industrial growth has an impact on inflation, because inflation has an impact on purchasing power
5.	Product differentiation	The wooden pallet industry generally has product differentiation reaching 3 elements, namely raw materials, price and quality
6.	Raw material differentiation	The majority of the raw materials used are the same

Based on the results of the competition analysis between similar companies above, it was found that companies tend to have a high level of competition. This is known from the number of competitors reaching 30-40 companies operating in a similar field, namely wooden pallet packaging. Not

only that, An other indicator of the growth in the wooden pallet industry is the rise in rivals producing comparable products, which numbers one or two businesses year. The number of wooden pallet industries has increased, which has led to more intense rivalry as seen by rising market demand.

Threat of New Entrants

The following are indicators and analysis related to the threat of new entrants:

No.	Indicator	Analysis
1.	Capital requirements	The capital requirement to open this business is quite large
2.	How to suffice capital requirements	By relying on profits from the first business, namely pre-service delivery, after which money is circulated as sustainable capital
3.	Loyalty level customer	Level loyalty customer flexible depending on the consumer's compatibility with the company. Currently there are 7 consumers who are very loyal in repeat purchases
4.	Formation of loyalty customer	Customer loyalty is not formed by itself but because of the company's good service, performance and product offerings. So far the company has been committed to meeting customer needs and providing the best quality so that it can satisfy customers
5.	Channel access	Company send the product Alone without using service delivery, because of consumers from The company is still only located around the island of Java.
6.	government policy	Industrial growth cannot be separated from government policy, because the government has made it easier to permit and condition the industrial sector to grow

Based on the results of the analysis of the threat of new entrants above, it was found that the company requires a fairly large amount of capital to open a

new business, but the company relies on profits from the first business which then rotates money as sustainable capital. The company has 7 regular customers and 3 of them make repeat purchases every month, so the threat of new entrants is not too high because of customer loyalty. However, to form this loyalty, It is essential to demonstrate performance and offer the best possible service by offering high-quality goods at reasonable costs, along with all the conveniences that come with them, such simple ordering and delivery. Other than that, policy Since government initiatives have aided in the expansion of sectors like the wooden pallet packaging industry, the government will also be a threat to new entrants.

Threat of Substitute Products

The following are indicators and analysis related to the threat of substitute products:

No.	Indicator	Analysis
1.	Level of need towards the product replacement	Level need to product substitutes are not too high depending on the wood supplier, but the company already has substitute products as a way to overcome the threat of using plasticbased products
2.	Ease of getting replacement products	It's very easy because the company has partnered with other suppliers

Based on the results of the analysis of the threat of substitute products above, it was found that the company has a level of need for substitute products that is not too high, however, as a way to deal with the existing threat, the company has a substitute product, namely plastic-based pallets.

Bargaining Power of Buyers

The following are indicators and analysis related to the bargaining power of buyers:

No.	Indicator	Analysis
1.	Dominance level buyer	Buyers are dominated by companies that have large industries such as import and export and require pallet packaging as packaging for their shipments
2.	Domination of each buyer year	Buyer dominance is not constant depending on the amount of demand

3.	Product clarity level	There is a product profile that the company provides when there is a new buyer, which includes various product sizes, product raw materials and the prices offered
4.	Official permission	The products offered by the company all have official permits according to international standards
5.	Buyer market share every year	The buyer's market share is not constant depending on purchasing power

Based on the results of the analysis of the bargaining power of buyers above, it was found that the company has buyers from several large industries such as export and import which require pallet packaging as packaging for shipping their products. However, the company's buyers and market share are not constant depending on the number of requests, the company still maintains existing quality and services including official permits according to international standards.

Bargaining Power of Suppliers

The following are indicators and analysis related to the bargaining power of suppliers:

No.	Indicator	Analysis
1.	Dominance level supplier	Currently the company has partnered with 3 suppliers, namely a supplier of new pine wood, a supplier of used pine wood and a supplier of plastic pallets
2.	Supplier quality level	The quality of the supplier's products is good because the company has standards that must be met by suppliers
3.	Product quality always constant	It is not always constant because the purchase price depends on the quality
4.	Competition level	Suppliers compete on price by raising prices when raw materials become difficult to obtain

Based on the results of the analysis of the bargaining power of suppliers above, it was found that the company has 3 suppliers, including a supplier of new pine wood, a supplier of used industrial pine wood and a supplier of plastic pallets, this is because it follows consumer requests for what raw materials to order. Although suppliers' product quality isn't always consistent,

the company has requirements that suppliers must follow in order for the company to continue producing high-quality goods.

Companies can increase demand or boost the degree of product differentiation by enhancing and maintaining product quality as a means of surviving the increasingly fierce rivalry between rivals. Then the company can also carry out a diversification strategy in order to expand market share. Based on the results of the analysis above, it shows that CV. Karya Anugerah Sentosa has several strategies that can be developed to face competition in the increasingly competitive wooden pallet packaging industry. Some of the strategies developed include:

1. Add product differentiation but still maintain existing quality
2. Pay attention to prices so as not to be beaten by competitors
3. Carry out a diversification strategy to gain a wider market share

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of research conducted on CV. Karya Anugerah Sentosa can be concluded that the strategy that can be implemented by CV. Karya Anugerah Sentosa to increase sales is with a diversification strategy, namely by expanding the market so that the reach will be wider; Differentiation can be utilized to overcome supplier power and reduce buyer power, because buyers have no comparable alternatives; A differentiation strategy will be successful if the company is able to provide value that its competitors do not provide.

Based on the results of this research, the advice that researchers can give is that diversification strategy is a recommended strategy for CV. Karya Anugerah Sentosa so that it can increase sales; Carry out product innovation at affordable prices but still maintain quality so that it can overcome the problem of declining public interest. Maintain good and friendly customer service so that consumers feel comfortable and will be loyal.

FURTHER STUDY

This research proposes a follow-up study involving an in-depth analysis of competitiveness factors in the wooden pallet packaging industry, focusing on CV. Karya Anugerah Sentosa. The research will expand on Porter's Five Forces analysis and provide more detailed strategies to strengthen the company's competitive position in the market.

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