

Analysis of Competitive Advantage Strategies to Expand Market Share

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Abstract

The increasingly tight business competition has made business people start competing to outperform their competitors in various ways, starting from offering the best quality products, the fastest service, a wide variety of products to conducting various promotions and providing attractive offers, some of these strategies will not be maximized if business people do not know in detail what consumers really want. The purpose of this study is to analyze the internal and external environment and formulate a competitive strategy formulation. Data collection using interviews and questionnaires. While for the analysis method using SWOT analysis and Porter's competitive strategy analysis consisting of the industrial competitive environment and generic strategies. From the results of the study, PT. Greenfields Indonesia has determined the Focus Strategy, where PT. Greenfields Indonesia concentrates on the regional market or special buyer groups. The focus of PT. Greenfields Indonesia's products focuses on pasteurized milk.

1. INTRODUCTION

Based on the purpose of a company reviewed from an economic point of view, it is to obtain profits (profit oriented), maintain survival, and continuity of company operations, so that it is able to develop into a large and resilient company. The company's success in business can only be achieved through good management, especially good management so that the capital owned can function as it should.

According to Fernandes & Solimun (2018), nowadays more people believe that the key to winning the competition is to provide value and satisfaction to customers through products, locations, promotions at competitive prices and high-quality and responsive services. This is reflected in the growing number of companies incorporating a commitment to customer satisfaction into their mission statements, advertising, and public relations. Marketing activities are direct efforts to reach, inform and persuade consumers to make purchases for certain products.

One of the industries that also experiences quite fierce competition is the dairy industry. The opportunities for the national milk market are wide open as the needs of

the community grow. Unfortunately, until now the needs of the milk market are still filled by imports. A number of problems are still a challenge even though the blueprint for milk independence has been mapped since 2013. Unfortunately, the dairy blueprint has not been widely implemented until now, interfering with the achievement of self-sufficiency of 60% of milk needs in 2025 (Taufik, 2019).

The demand for milk in Indonesia reached 4.4 million tons in 2022. This number is higher than in 2021 with a figure of around 4.3 million tons based on data from the Directorate of Livestock and Animal Health of the Ministry of Agriculture. It is possible that next year the number of milk needs will increase as the population increases, economic conditions improve, and other factors (Cahyaningrum, 2023).

Based on data from the Central Statistics Agency (BPS), Indonesia will produce 837,223.2 fresh milk in 2023. This amount increased by 1.6% compared to the previous year (year-on-year/yoy) which produced 824,273.2 tons. According to its region, East Java is the largest producer of fresh milk in the country with a volume of 56.34 thousand tons or 55.36% of total production in 2023. East Java has also consistently become the largest producer of fresh milk in Indonesia since 2021.

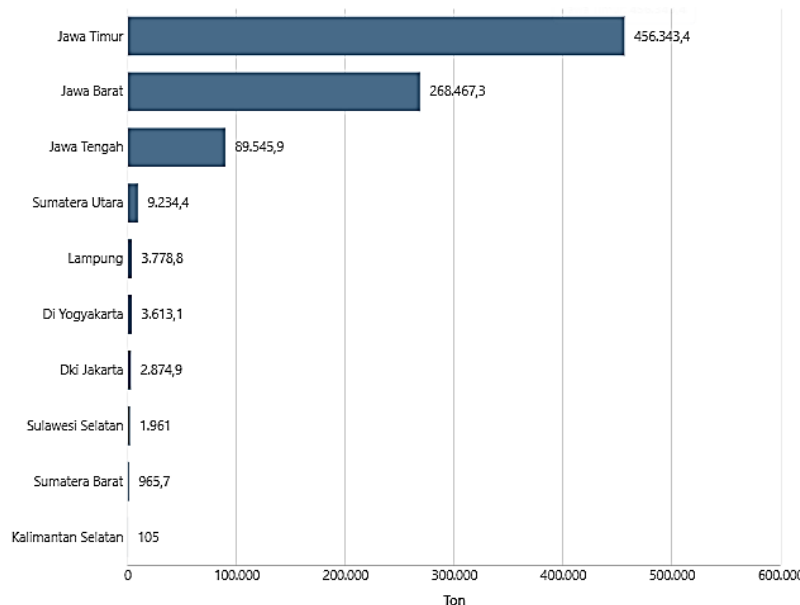


Figure 1. Fresh Milk Production Volume (2023)

The other largest producers still come from the island of Java, namely West Java and Central Java, which produced 456.34 thousand tons and 89.54 thousand tons of fresh milk respectively throughout last year. BPS also noted that there were 18 provinces that did not produce fresh milk at all during last year. These provinces are Bangka Belitung District, Riau District, Bali, West Kalimantan, Central Kalimantan, North Kalimantan, North Sulawesi, Central Sulawesi, Gorontalo, West Sulawesi, Maluku, North Maluku, West Papua, Southwest Papua, Papua, South Papua, Central Papua, and Mountainous Papua (Muhamad, 2023).

One of the milk producers in East Java is PT Greenfields Indonesia. PT. Greenfields Indonesia operates the largest dairy farm and integrated processing plant in Southeast Asia. Located in Malang and in the highlands of Blitar, East Java, Greenfields farm is home to more than 19,000 Holstein and Jersey cattle. These selected cows are kept under the

supervision of a team of experienced veterinarians and farm nutritionists with a high-quality feed intake. At Greenfields, we believe excellence is reflected in every drop of milk and we strive to deliver the highest quality standards.

In addition, the competition strategy itself is a combination of the end (goal) fought for by the company with the policy where the company strives to reach the goal (Porter, 2008). Developing a competitive strategy is developing a general formula regarding how the business will compete, what the goals should be and what policies will be needed to achieve those goals.

The internal environment is the notion of matching the internal strengths and weaknesses of the company with the opportunities and threats that exist in the environment (Hunger & Wheelen, 2011). According to David (2017), it provides the understanding that internal environmental analysis is a process by which the strategic planner examines the company's marketing and distribution, research and development, production and operations, company resources and employees as well as financial and accounting factors to determine where the company has important capabilities, so that the company takes advantage of opportunities in the most effective way and can handle threats in the environment.

2. LITERATURE REVIEW

Strategy

According to David (2017), defining strategy as the art and knowledge of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its goals. There are two approaches to defining a strategy, known as the traditional approach and the new approach. In the traditional approach, strategy is understood as a plan for the future, anticipatory (forward-looking), while in the new approach, strategy is understood as a pattern and is reflective (backward-looking). Strategy is defined as a plan, method, or series of activities designed to achieve a particular educational goal. Strategy can also be interpreted as outlines of direction to act in order to achieve predetermined goals (Ahmad, 2020).

Competitive Advantage

Competitive advantage is the development of the value that a company is able to create for its buyers. Competitive advantage is something that allows a company to obtain higher profits compared to the average advantages obtained by competitors in the industry. Competitive advantage is at the heart of a company's performance in a competitive market. Competitive advantage basically grows from the value or benefits that a company can create for its buyers. If the company is then able to create an advantage through one of the three generic strategies, it will gain a competitive advantage (Aaker, 2013).

3. RESEARCH METHODS

This study uses a qualitative descriptive research method. Sugiyono (2017) also stated qualitative research as a research method based on the philosophy of postpositivism, used to research on the condition of natural objects, where the researcher

is a key instrument, data collection techniques with triangulation, data analysis is inductive or qualitative, and qualitative research results emphasize meaning rather than generalization. The type of research used in this study is qualitative descriptive (exploratory) research in the form of a case study on the analysis of competitive advantage strategies to expand the market share of PT. Greenfields Indonesia. This research was conducted at PT. Greenfields Indonesia. The data analysis technique used by the researcher is qualitative analysis used to determine the internal, external, and competitive advantage strategies.

4. RESULTS AND DISCUSSION

Research Data

Product Description Greenfields

Known as a brand that produces liquid milk, Greenfields provides various types of products, including Fresh Milk, UHT, Cheese, Yogurt, and Whipping Cream.

Greenfields Destination Country Targets

In entering the global share, Greenfields chose countries in the Southeast Asian region, such as Singapore, Malaysia, Hong Kong, Brunei, and the Philippines. This is because every drop of Greenfields milk is produced and processed carefully and with high quality standards, in order to get the distinctive taste of Greenfields that is preferred in the Southeast Asian region.

Greenfields Market Segmentation

Geographical Segmentation Greenfields are some regions of Southeast Asian countries, such as Singapore, Malaysia, Hong Kong, Brunei, and the Philippines, among others. Greenfields is targeting segments with age ranges. Age is a unit of time that measures the time of existence of an object or creature, both living and dead. In the age group of 26-35 and 36-45 years, those who buy liquid milk are housewives because they often shop to meet the needs of their families. In the group of 17-25 years old, they have needs for themselves. And in the age group of 12-16 and 46-55 years, they don't really understand health needs and they more often only think about their own pleasure and other needs.

In terms of psychographic segmentation, especially social class, Greenfields' target is the upper middle social class. From a lifestyle perspective, Greenfields product segmentation is people who like to consume good quality milk. And in terms of price, Greenfields products have quite expensive prices.

The segmentation carried out by Greenfields in Behavioral Segmentation is through purchase loyalty. Greenfields always attaches great importance to consumer comfort. Greenfields is committed to providing quality dairy products and services with the best standards.

Target Pasar Greenfields

Greenfields' target market is consumers from the middle to upper class, because if you look at Greenfields products, the lowest price offered by Greenfields for one box of milk is Rp. 80,000 – Rp. 400,000. Greenfields' next target market is consumers who love milk and want to have a healthy lifestyle to improve nutrition.

Market Position of Greenfields Indonesia

Greenfields positions itself as a product for people who have a healthy lifestyle and like to consume milk. Greenfields is a product that can provide natural and fresh milk produced with high quality, especially in terms of hygiene. This is because Greenfields provides quality dairy products and also services with the best standards.

Marketing-Mix Strategy

According to Kotler & Armstrong (2018), marketing mix more or less means a number of marketing tools that companies use to convince the intended marketing object or target market. The marketing mix contains marketing tools that can be used by companies to convince consumers to buy the products offered. In addition, the application of marketing tools contained in the marketing mix itself is not too difficult.

Production Strategy

Greenfields products are committed to providing quality dairy products and services with the best standards. Greenfields products in general are liquid milk products with premium quality. The product is produced from dairy cows originating from Australia that are bred in Indonesia by creating a habitat that resembles its natural habitat on Mount Kawi & in Blitar Regency. After the milk is expressed, the milk is processed through a high-tech facility where the entire process is carried out by a machine. The premium quality already mentioned has been recognized by various certifications in terms of international standards.

Marketing Channels

PT Greenfields Indonesia continues to spur the marketing of dairy products for domestic and export market needs. Currently, 80 percent of Greenfields Indonesia's products are intended for the domestic market and the remaining 20 percent for export. As a manufacturer of liquid dairy products, the distribution channels used by Greenfields are supermarkets and hypermarkets. This is due to the segmentation of the Greenfields milk market which is those with upper middle incomes. From its farms and factories, Greenfields can produce more than 250 tons of milk every day that is processed not only for the local market, but also sold in Singapore, Malaysia, Hong Kong, the Philippines and other countries.

Matriks SWOT PT. Greenfields Indonesia

Table 1. SWOT Matrix of PT. Greenfields Indonesia

Internal External	<u>Kekuatan:</u> - High quality milk - Milk is very sterile - Contains no preservatives - High-tech facilities - Has many partners spread across Indonesia - Diverse products	<u>Kelemahan:</u> - Expensive price - Not suitable for children with cow's milk allergies - Storage must be at room temperature
	<u>Opportunities:</u> - Improving community nutrition - Consumer needs for products to meet primary needs in their bodies - Diversity of flavors - Technological sophistication	Market penetration
<u>Threat:</u> - Old players - Cultural issues - Economic problems	Conducting socialization to the community	Manufacture products at low prices

The SWOT matrix in the table above produces four alternative cells of strategies that can be concluded by the leadership of PT. Greenfields Indonesia in the face of increasingly competitive competition are:

a. Strengths - Opportunities

Strength Strategy – Opportunities, this uses the strength possessed by PT. Greenfields Indonesia to take advantage of existing opportunities so that they can have a competitive advantage (core advantage). As for the Strength - Opportunities strategy that can be carried out by PT. Greenfields Indonesia is by penetrating the market. Hooley & Piercy (2004) stated that market penetration assumes that there is unmet demand in the market and that consumers still have unused resources. This can be achieved by getting more buyers from the same target market or by making existing buyers buy existing products more often.

Market penetration strategies are usually carried out when companies want to take a share of their competitors' market share or when companies want to increase the sales volume of an existing product or service. In this strategy, the company does not try to create a new product or service, but focuses on increasing sales of an existing product or service. In other words, market penetration can be used to assess an industry as a whole to determine the potential of companies in that industry to gain market share or increase their revenue through sales.

b. Disadvantages - Opportunities

Weakness Strategy - Opportunities, these aim to improve weaknesses by taking advantage of external opportunities. As for the Weakness - Opportunities strategy that can be carried out by PT. Greenfields Indonesia is an allergy-friendly product.

It is possible that Mother has certain conditions, so she cannot give breast milk to the Little One so she needs to be given formula milk. Mothers can give partially hydrolyzed formula or hydrolyzed formula instead. This milk contains protein that has been broken down into smaller parts than regular cow's formula. This milk is formulated to treat babies who have cow's milk protein allergies, so that babies can stay nourished. However, you still need to consult a pediatrician first for giving breast replacement. The doctor will explain about milk consumption and the management of the care of the Little One with allergies.

c. Strength - Threat

Strength Strategy - Threat, this uses the company's power to avoid or mitigate external threats. As for the Strength-Threat strategy that can be carried out by PT. Greenfields Indonesia is to socialize to the community. The purpose of this socialization is to increase public knowledge of the importance of providing food consumption in the form of milk to children and to increase awareness in children as the main target of the importance of consuming milk. Where it is known that milk has many benefits if consumed.

The importance of education about milk and its benefits is still not widely known by the Indonesian people. Milk is one of the sources of protein of animal origin that is widely consumed by the public as a source of nutrition, especially for children, milk is categorized as one of the important sources of nutrition. Milk is a food product with high nutritional value with perfect content. The advantages of milk include being a source of building blocks (protein), vitamin D, vitamin A, zinc, calcium, phosphorus, and magnesium for bone and tooth growth, as well as immunoglobulin A for immunity to disease (Fatchiyah et al., 2021). Putri (2016) explained that milk contains essential amino acids tryptophan to relax cells so that they can sleep well, contains essential fatty acids that are good for heart health, contains fat-soluble vitamins (Vitamins A, D, E, K) and contains water-soluble vitamins (Vitamins B1, B2, B6, B12, Vitamin C and Folic Acid).

d. Weaknesses - Threats

Weakness Strategy - Threat, this is a defensive tactic geared towards reducing internal weaknesses and avoiding environmental threats. As for the Strength-Threat strategy that can be carried out by PT. Greenfields Indonesia is to produce products at low prices. A price strategy is a way or method used to make the best price for a product or service to be released. Choosing the right price is not as simple as it sounds. This is because a pricing strategy must consider various factors such as predetermined revenue, target consumers, marketing objectives, attributes on the product, and the position of the brand itself.

In addition, prices are also influenced by external factors such as consumer demand, price competition, market trends and so on. Price itself describes the value of the product or service owned by the company.

To get the right price, it is necessary to conduct thorough research, including understanding the target market. This is because knowing complete information about consumers will make it easier for companies to set prices. By using Location Intelligence, companies can conduct customer profiling where they can find out information related to target consumers such as demographics, socioeconomic status, purchasing power, lifestyle, people interests, and so on. This data helps companies to more easily determine the right pricing strategy.

Porter's Five Forces

Porter's Five Forces theory is a method used to determine the strength of an industry based on external factors of the company. This theory arises based on the view of the Industrial Organization which is a management view that the company pays close attention to external factors to gain a competitive advantage. The management figure who supports this view is Michael Porter who stated that the most important factor that determines a company's performance is the strength of the industry in competition.

Based on the five factors that affect the industrial environment of PT. Greenfields Indonesia, can be concluded through the following table:

Table 2. Porter's Five Forces Model Results Recapitulation

Model 5 Competitive Strength	High	Mid	Low
Ancaman Pendatang Baru (<i>Threat of New Entrants</i>)			√
Ancaman Produk atau Jasa Pengganti (<i>Threat of Substitutes</i>)		√	
Kekuatan Tawar Menawar Pemasok (<i>Bargaining Power of Suppliers</i>)		√	
Kekuatan Tawar Menawar Pembeli (<i>Bargaining Power of Buyers</i>)	√		
Persaingan dalam Industri Sejenis (<i>Rivalry of Competitors</i>)	√		

Discussion

The results of the analysis of the previous generic strategy produced a selected strategy in order to win the competition, namely the focus strategy. The results of the study are in accordance with the results of previous research, namely Wani (2019), who stated that the competitive advantage strategy focuses more on its responsibilities, namely by prioritizing the safety of consumers.

By using a focus strategy, PT. Greenfields Indonesia concentrates on regional markets or special groups of buyers. Success with a focused strategy lies in the company's ability to find segments that have unique needs or allocate segments that it serves poorly than other industry competitors. As the results of an interview with Mr. Darmanto Setyawan (Head of Manufacturing SEA - Greenfields Indonesia), who said: "Parsteurized fresh milk products dominate the domestic market with a percentage of around 65 percent of the total products. After that, milk is processed using high temperature (UHT), cheese, and yogurt".

The marketing of pasteurized fresh milk is big because we focus on pasteurized milk. As for our yogurt, it is natural (processed) so in terms of price it is more expensive than similar products that are processed using other methods. Incidentally, not many people know about this method. Pasteurized fresh milk products themselves are prima donna because the quality is better than UHT. Even though the price is more expensive, consumers generally do not mind because the quality is better than other products. Based on Nielsen ScanTrack data, Pasteurized fresh milk products Greenfields led the national fresh milk market with a market share of 60.1 percent in the fourth quarter of 2017. As for UHT, so far PT Greenfields Indonesia only has one liter of packaging, so the marketing is limited. However, later, it is possible that the percentage will change when it launches UHT milk in small packaging, as other manufacturers have done".

5. CONCLUSION

The goal of competition is to do something better in providing what buyers are looking for, in a way that allows the company to gain a competitive edge and beat competitors in the competition. The core of the competitive strategy does not only consist of internal initiatives in providing superior value to customers. But it also includes the act of attacking and defending against competitors' attacks, the action of mobilizing resources to improve the long-term competitiveness and market position, as well as efforts to respond to any current market conditions.

A good strategy is to adjust between the external circumstances of the company and the internal situation. A strategy will be strong if it results in a sustained and considerable competitive advantage, and it will be weak if it does not result in a competitive advantage. With a competitive advantage, the company has the prospect of earning above-average profits and successfully becoming a winner in the industry. The essence of strategy is to be different from the competitors by choosing a series of activities that are made in a planned manner and different from those that competitors do to provide unique combinations.

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