

# Competitive Advantage Strategy in Facing Challenges and Determinants of Business Continuity (Study on Chockles Beverage Business)

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## Abstract

*The food and beverage business in the city of Semarang every year continues to grow. However, in addition to the growth rate of its business which always grows every year, the number of players (trademarks) also increases both from foreign and local, both franchised and non-franchised which means that the market is narrower because there are more and more new competitors entering, for this reason Chockles must always make breakthroughs in order to develop following a dynamic market so that it is able to continue to compete and remain the choice of the community amid the onslaught of old players and competitors new. The purpose of this study is to increase scientific understanding of how innovations are made and developed in the face of challenges that are being faced as well as those that are coming given uncertain business conditions. This shows that the challenges and determining factors for business continuity are one of the things that influence innovation design in achieving competitive advantage. The number of informants used in this study were owners and employees of Chockles. The method of data collection is by using interview. Data analysis method used is qualitative analysis with interactive model. Based on the research that has been done then it can be obtained the conclusion, for Ferto Group's survival in achieving its goal of becoming a true and trusted distributor company, it is needed a new generation that will be able to lead Ferto Group in the future. Structured and sustainable mentoring will make Ferto Group's company components to have the same consistency and vision of both employees and leaders and in the long run it is expected to change the principal as well. The company's new culture is based on the value of continuous mentoring to instill corporate values to employees.*

## Keywords

competitive advantage;  
strategy; business success



## I. Introduction

The growth of businesses engaged in the food and beverage sector is still recorded as a business that has a rapid growth in many countries. In Indonesia, the food and beverage industry itself is one of the sectors that can be financed quite strategically and has bright business future prospects. Businesses that are engaged in the business sector of the type of food and beverages and their place are businesses that can be said to be promising but deadly because this is a need for the community and has become a lifestyle. Because it has become a lifestyle for some people, this will change with the times. An increasingly millennial society that is very busy and has been spoiled by technology is a loophole that entrepreneurs can exploit.

This loophole has proven to have been exploited by some entrepreneurs as evidenced by the increase in weighted net balances accounted for 9.93% in 2017 as of the 2nd quarter. What are the influencing factors that cause the increase to occur? The increase is partly influenced by factors such as Eid al-Fitr, Christmas and other big days. In addition, the x factor is a dynamic lifestyle following the current trending seasons. Data reported by BI explained that business practices carried out in the Central Java region alone experienced higher growth when compared to the previous year, reaching 36.75% of the 2017 in the 2nd quarter.

Arnaz Agung as the chairman of the Semarang City Chamber of Commerce stated that based on the data above, the growth of the culinary business sector in the city of Semarang has experienced a fairly rapid development. He said that the city of Semarang is a very strategic land so that it attracts investors to invest their mdal in building their business in this city. So that every year there are at least 10 to 15 new business units present in the city of Semarang. But he also said that in the midst of the very tempting growth rate of Semarang's culinary business, not a few also experienced bankruptcy until they went out of business. Businesses engaged in this sector are dynamic businesses, must adjust to different and ever-changing typical consumers, for this reason, the level of creativity of the entrepreneur himself is needed to support the sustainability of his business.

According to Arnaz, some entrepreneurs assume that consumers in the city of Semarang have a typical one that only focuses on prices, but according to him, as one of the metropolitan cities, consumers in the city of Semarang vary greatly. For this reason, expertise in conquering the hearts of consumers itself is needed by entrepreneurs to be able to compete with competitors. However, not only maintaining competition with competitors but also having to take into account the existence of potential new competitors considering that the city of Semarang has a business growth rate in the culinary sector that has rapid growth so it is very attractive for entrepreneurs to play in the culinary sector in Semarang. This research was conducted on business activities carried out by the chockles trademark which has been running for 5 years by having several branches spread across Yogyakarta, Semarang, Solo, Magelang and Jakarta. In running a business, you must be faced with various problems, one of which is business competition. Especially facing brands that use a franchise system which is much easier to mushroom their branches because they have many or more than one source of capital such as non-franchise businesses.

In achieving competitive advantage, business people must consider several things to face the competitive phenomenon that continues to change from time to time. Great innovation is needed in facing the challenges that are being faced and those that will be faced in the future. For this reason, a business entity must continue to move in innovation in order to retain customers and even add their own customers but must still be profitable for its management. It is not surprising that today's society is not only concerned with what will be eaten but the experience gained when eating it is also a thing to pursue. In addition, it is worth noting that the cause of competition is increasing with the increasing number of illegal food operators who can operate without a valid license due to the lack of law enforcement from the local authorities concerned (Ali et al., 2012). Basically, the beverage industry like this is very dynamic and hit by fierce competition, which forces companies to continue to issue innovations and design strategies dynamically and improve their services in order to maintain the sustainability of their business so as to create a competitive advantage.

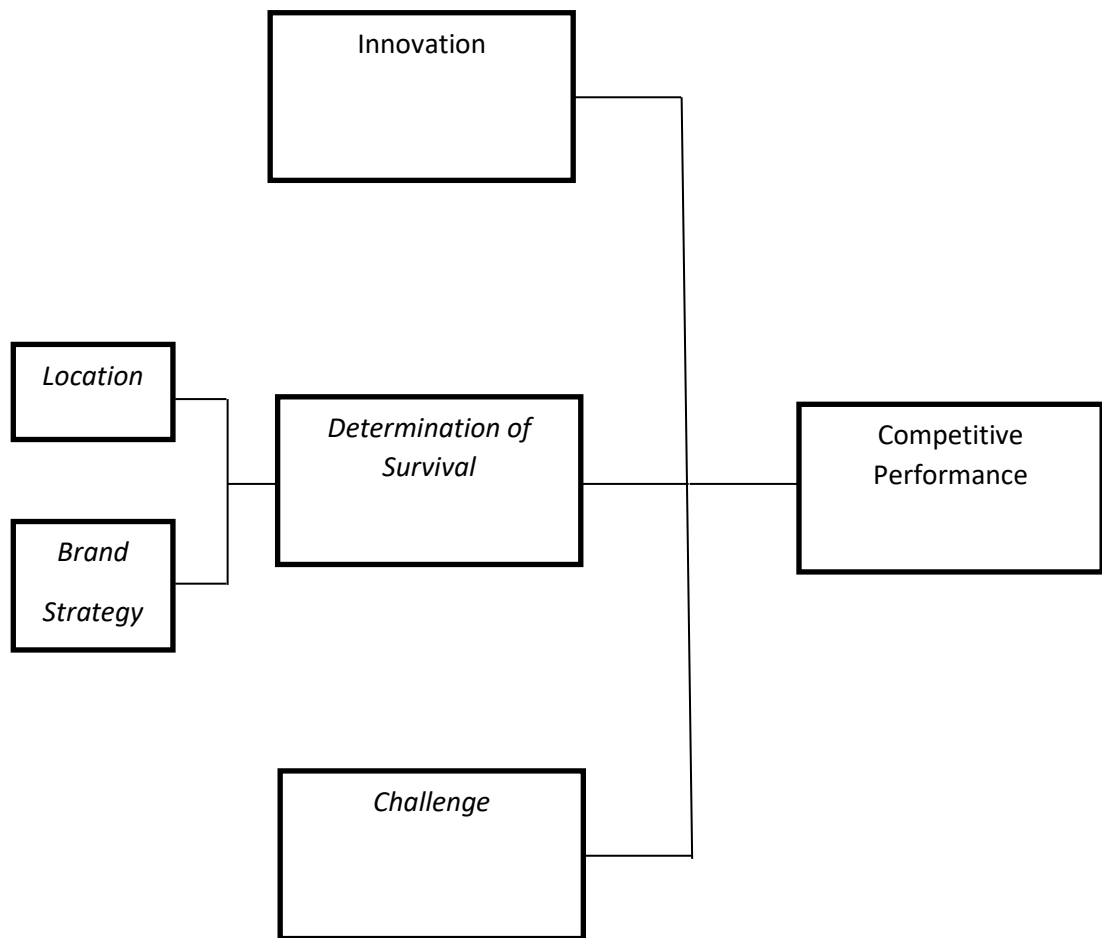
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## II. Review of Literature

The generic strategy introduced by Porter was widely developed into the concept of competitive advantage. Durability and imitability are characteristics that can indicate the existence of a variable of competitive advantage. In a competitive market, the company's performance is the superiority of competition. The value of a company's competitive advantage can be based on how much benefit the company can provide to consumers and buyers. If a company has been able to get the value of excellence through one of the generic strategies mentioned earlier, the company has obtained the value of competitive advantage (Aaker, 2001).

In a strategy in building a company, competitive advantage is considered to be a tool that can be used to improve the performance of a company. Competitive advantage is still seen as an overview of the activities carried out by the company in producing, designing, marketing, handing over and supporting the output of the company (Porter, 1999). In other words, competitive advantage is an activity carried out by a company in an effort to have more value than competitors in the eyes of consumers.

Resource-based has a different view, that is, it does not look at an economic activity according to the market served, but resource-based views economic activity according to its capabilities and the resources utilized. In building competitiveness, facing threats and creating opportunities for future opportunities are examples of utilizing capabilities and resources, so that from this strategy, various ways can be found to stay above competitors by making it difficult for competitors to imitate our breakthroughs (barriers to imitation) (Syafar, 2004: 10). Consumer food consumption is strongly influenced by the mass media that provides many interesting advertisements. Evidence shows that the brand helps to create a strong and new image. In addition, branding is also important in developing product strategies and driving cash flow. (Kohli, 1997)



*Figure 1. Theoretical Thinking Framework*

### **III. Research Method**

The type of research used is qualitative research, which is research that produces descriptive data in the form of written or spoken words from people and behaviors that can be taken. This study used causal research (Sugiyono, 2013). The data collection method used in this study was the interview method.

The criteria to be used in this study are the owner & stymisphere of Chockles. The number of informants used was 2 informants.

### **IV. Results and Discussion**

#### **4.1 Chockles Management Strategy in Facing Existing and Upcoming Challenges in Order to Achieve Competitive Advantage**

Chockles' current business strategy is to maintain Chockles' specialization in processed chocolate and maintain its position in its potential consumers, namely students and students. Chockles Market is a student who still relies on daily pocket money to make purchases so that the products made need to have an affordable price without sacrificing quality. The reason chockles management chose the market is because consumers with that target age are easier to consume fast food and drinks, especially when they are

gathering with their friends. In addition, the activeness of consumers on social media allows Chockles to get promotions for free.

Chockles' strategy is to maintain an affordable price by specializing in existing flavors. The goal is for Chockles to be able to maintain consistency of taste according to the wishes of customers who also want to enjoy the same taste. The results of interviews with research respondents showed that Chockles wanted to maintain the taste of Chockles products so as not to create a franchise that management said could trouble the management in controlling the products of Chockles. Chockles does not want any copying of Chockles products and also considers product controls that are difficult to do even though management admits that franchises are able to market products and brands more quickly.

Chockles creates opportunities in the future business by conducting market surveys before opening new outlets and conducting research and development of Chockles products so that they can follow existing trends. Chockles seeks to monitor the market to analyze and capture the growing trends in the market especially today's teenagers and also considers for innovation based on that trend. The innovation carried out is by making cost efficiencies but not at the expense of taste. The teams involved in creating Chockles innovations are the RnD team and the market research team. The survey results from the market research team will be given to the RnD team to then make products that are in accordance with market conditions. On this basis Chockles develops the taste of milk and coffee in its products. The coffee aroma that teenagers want is a strong coffee aroma but with a coffee flavor that is not too striking and with attractive packaging to be shared via social media. Chockles decides on innovation by basing from evaluating the market's response to Chockles products by comparing existing trends and market demand. These results are then brought to the RnD team to be realized in the form of a superior product compared to competitors. Chockles anticipates competition by controlling the taste of Chockles products in each branch so that the taste remains uniform and according to Chockles standards so that loyal Chockles customers can still feel what they feel when they first buy the product. The earlier the approach to the market, the faster a product is embedded in the minds of consumers so that it can win the competition in the future because the taste will be remembered from childhood to adulthood.

#### **4.2 How Chockles Management Designs Business Success Determinants to Achieve Competitive Advantage**

The results of the interview revealed that to be able to compete in the business world, you must be very careful in paying attention to the market, designing innovations and must be very careful in carrying out a branding strategy, besides that the determining factors for business success are the taste, price and brand of beverages. These results show that Chockles is trying to build Chockles' identity and strengthen Chockles as a chocolate drink brand that has been playing for a long time but has the same taste as they first tried the product.

The results of the interviews from respondents revealed that those involved in considering the location of the outlet were the three owners and also the market survey team. Chockles management's view of brand strategy is that Chockles management seeks to do strong branding through social media. With an attractive design and with an attractive bidder offer to scoop up a new week because nowadays teenagers are equipped with smartphones from an early age so there is no need to go anywhere to find something. The branding done by Chockles is designed by the owner as well as the branch manager.

Because the branding carried out is in accordance with the target area so that the participation of local managers is needed.

The brand strategy that has been applied by Chockles management, is a name that sounds modern but easy to understand and remember for teenagers, as well as a distinctive writing font so that it has its own trademark that can attract teenagers who see, as well as the choice of colors and designs that seem monochrome so that it looks exclusive presents a classic side but still modern when juxtaposed with the Chockles trademark. Chockles felt the need to increase activity on social media to be able to provoke consumers' interest in talking about Chockles products and also improve the team's performance in doing their work through social media.

## V. Conclusion

Based on the results of research that has been carried out in Chockles and the nature of the strategy in order to achieve competitive advantage, the following conclusions were obtained. Chockles management's strategy in facing existing and future challenges in order to achieve a competitive advantage is that with the increasingly fierce competition, Chockles needs to make the Chockles brand able to compete with old and new competitors. Chockles tries to get closer to its potential market, namely with students and students who still rely on daily pocket money to make purchases so that the products made need to have an affordable price without sacrificing quality in order to maintain their position in the market. Chockles also need to maintain an affordable price by specializing in existing flavors. The goal is for Chockles to be able to maintain consistency of taste according to the wishes of customers who also want to enjoy the same taste. With the motivation to maintain consistency of taste, Chockles did not create a franchise because there was a fear in Chockles management about the difficulty of supervising product quality. Chockles also creates opportunities in the future business by conducting market surveys before opening new outlets and conducting research and development on Chockles products and monitoring the market by the RnD team and market research team to analyze and capture the growing trends in the market, especially teenagers today and also consider innovation based on that trend. The earlier the approach to the market, the faster a product is embedded in the minds of consumers so that it can win the competition in the future because the taste will be remembered from childhood to adulthood

The way chockles management designs the determinant of business success in order to achieve a competitive advantage is the location of the outlets. The location considered for the Chockles outlet is a location that is close to the place of students and students, namely those in the university area, campus and boarding houses. In addition, in carrying out a branding strategy, Chockles management strives to do strong branding through social media. With an attractive design and with an attractive bidder offer to scoop up a new week because nowadays teenagers are equipped with smartphones from an early age so there is no need to go anywhere to find something. This made the entrance for Chockles. Chockles sees trends happening in a generation that's changing all the time, as well as the desires of today's teenagers who want convenience and practicality, then trends on social media that have largely had a huge influence on business.

By looking at the analysis of the external environment, it can be concluded that the competition is currently quite tight but Chockles products cannot be viewed as a luxury commodity because there are still competitors at cheaper prices. Students as a market segment always take cheap products unless there is a difference in product quality. Chockles' average competitors are the same competitors, because most brands issue an



innovation and then followed by another brand that issues similar innovations with a little different touch. But on the other hand, newcomers are not easy to enter the market, so if customers have tried Chockles products and then tried competitors' products, almost 90% will return to the customer's original habit of going to the product that already matches them, namely Chockles.

Based on the analysis of internal factors, the strength of Chockles is the value of Chockles which is committed to providing optimal service to customers. In addition, the strong organizational culture and intellectual capital possessed by human resources in the organization make Chockles have a solid management. Chockles products that are difficult for competitors to imitate are because although competitors can imitate their physical shape, it is not easy to imitate the taste of Chockles. Chockles is also committed to using premium raw materials such as product quality assessment which is carried out by taking random samples from each chocolate and coffee mill to make drinks that are ready to be marketed. From there, it will be known whether the quality of each mill is good to market. Employees are also optimally selected so that they can provide the best service to consumers. Chockles also innovates fast food drinks because it monitors the needs of the youth market, namely fast food drinks that are delicious but affordable, and attracts packaging so that they do not hesitate to share them on social media. For RnD, it is only carried out at the center, of course, with consideration and input from our team in all branches. Research was conducted on other mixed variants that are predicted to add consumers to the market.

### Policy Implications

Based on the findings of the study, the description of the policy implications that can be given as input to the management can be explained is that Chockles needs to continue to monitor potential markets by not neglecting market segments that are currently not targeted.

Chockles need to consider regarding the franchise. In this case, Chockles management needs to develop quality control methods that can make management able to control all raw materials, for example sent to the center and also the production process is carried out with strict SOPs.

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