

Business Strategy Formulation Based on SWOT Analysis: Case Study of PT Hatten Wine Bali

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Abstract

The purpose of this study is to analyze business strategy formulation based on strengths, weaknesses, opportunities, and threats (SWOT) analysis, case study of PT Hatten Wine Bali. This type of research is a qualitative research with descriptive method. The type of data used is secondary data and data collection using observation. The analysis technique used is SWOT analysis. The results of this study indicate that PT Hatten Wine Bali already has more value than other competitors, which is supported from the production process to the quality of the final product which is so selective that the quality of the product becomes the main reference.

Keywords

business; strategy;
SWOT



I. Introduction

A company must be able to produce finished goods with good quality in order to produce a high selling value. In order for the data to produce goods with good quality, good management is needed to regulate production so that it can process from the selection of raw materials to finished goods. If the management is not regulated properly then the goods produced cannot have good quality and cannot produce a high selling value. This is the focus of the company owners to think about how to organize a good goods production system. By having a good production system, it can be ensured that the quality of the goods produced has good quality (Warcito, 2016).

Operational management is an effort to maximize the use of all available production factors, be it from labor or human resources, equipment, raw materials, machines and other production factors in the transformation process to be able to become a variety of services or products goods (Batlajery, 2016). In terms of operational management, there is a management structure that must be established, but not only formed, but must also be carried out according to the function of each task. The task of a manager is to carry out and map management functions according to their duties, for example making concepts in terms of planning, staff formation, organizing, and having a leadership spirit in controlling overall operational management.

Operations manager orientation is to direct the output in quantity, quality, time, price, and place according to user or consumer demand. So from these things the company can achieve its goals easily. Goals between companies may vary. This can be seen in terms of the resulting output. Of the several goals to be achieved, the company may want to

achieve, among others, achieving high selling points, winning awards, being able to expand product sales areas and many others (Jarir, 2017).

Companies that will be discussed are companies that produce wine in Indonesia. The company's production center is located on the island of Bali. Its sales have spread in several big cities in Indonesia. The operational management carried out by this company is quite good, it can be seen in its achievements which have received several international awards.

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II. Review of Literature

2.1 Strategy

Strategy is a mechanism created by the company's business leaders to realize their philosophy. This understanding emphasizes more on the way that should be done in making major decisions that will be faced by every individual or organization in doing business or business. Namely decisions that determine the failure and success of individuals or organizations in the future. Strategy as a tool to achieve long-term goals. In addition, strategy can also be interpreted as a potential action that requires top-level management decisions and company resources in large quantities. In general, strategy is a comprehensive approach related to the implementation of ideas, planning, decisions taken and the implementation of an activity within a certain period of time.

It is said to be a good strategy, if there is intense coordination between several related parties, has a vision and mission, is able to identify internal and external factors logically and rationally, can make funding efficient, and is effective in operational management (Alyas, 2017).

2.2 Operational Management

Management is the process of planning, organizing, directing, and supervising the efforts of organizational members and the use of other organizational resources in order to achieve predetermined organizational goals (Artaya, 2018).

Operational management is a field of management that specializes in the production of goods, and uses special tools and techniques to solve production problems (Artaya, 2018). Operations comes from the word operation which means an activity to change form to add benefits or create new benefits from an item or service.

Operations management that from the development of the concept of production management which concerns the production of real products. So operation is a transformation process from input to output that has a higher value than the input (Artaya, 2018).

III. Research Method

This type of research is a qualitative research with descriptive method. Qualitative research in which researchers must understand social reality, namely seeing the world from what it is not the other way around, qualitative research must be people who have an open mind (Asyraini et al., 2022; Jibril et al., 2022; Pandiangan, 2015). Qualitative research is research whose research results are not obtained through statistics or counting methods. This qualitative research is carried out with a descriptive approach in which the researcher

describes an object, or phenomenon that will be explained in narrative writing. Qualitative research that produces descriptive data in the form of speech, writing, and a behavior from the people observed (Octiva et al., 2018; Pandia et al., 2018; Pandiangan, 2018).

Researchers are interested in a very unique object in our opinion, namely PT Hatten Wine Bali. PT Hatten Wine Bali is a company that produces wine, or commonly called wine, where the grapes or the basic ingredients come from plant fields in the Singaraja Coastal Area, Buleleng Regency, Bali Province, Indonesia. The entire production process of PT Hatten Wine Bali is carried out on Jalan Danau Tondano, Sanur, Denpasar City, Bali Province.

The type of data used is secondary data and data collection using observation. The type of data used is sourced from secondary data provided by the company to researchers (Octiva, 2018; Pandiangan et al., 2022; Pandiangan, 2022). The method used is observation by examining directly or looking for additional data available on existing sites (Octiva et al., 2021; Pandiangan et al., 2021).

The analysis technique used is strengths, weaknesses, opportunities, and threats (SWOT) analysis. SWOT analysis can be interpreted as an analysis of strengths, weaknesses, opportunities, and threats that are used to evaluate the company and develop strategic plans (Pandiangan et al., 2018; Tobing et al., 2018).

IV. Results and Discussion

4.1 History of PT Hatten Wine Bali

Despite the common belief that it is almost impossible to grow grapes and produce quality wine in the tropical climate of Asia, PT Hatten Wine Bali has managed to establish a successful wine company that has received international attention. In 1994, Mr. Ida Bagus Rai Budarsa founded Hatten Wines, the first and only true Balinese winery, and introduced the taste of Balinese wine to hotel and restaurant tables throughout Indonesia. Hatten Wines is committed to quality and taste of international standards and was selected as the top-10 fastest improving producers in Asia. PT Hatten Wine Bali's plantations are located along the North Coast of Bali (Buleleng Regency) and use local black grapes of Alphones-Lavallée, French table grapes as well as local white wines - Belgian and Probolinggo Biru. These grapes allow Hatten Wines to produce year round as there is no "sleep" period in tropical climates as is the case in Europe. With his in-depth knowledge and experience, an Australian winemaker co-manages the PT Hatten Wine Bali factory in Sanur. This solid collaboration between an Australian winemaker and a Balinese owner has created two wine brands that are carefully handled.

4.2 Alternative Strategy

PT Hatten Wine Bali's current position, seen from internal and external conditions, is still stable, so the potential for future development is still very large.

4.3 Market Share

The market share of wine both domestically and abroad is still quite wide. Even though Indonesia's population is predominantly Muslim, there are still many expatriate workers who work in Indonesia, especially in big cities. These expatriate workers are potential consumers who are already accustomed to the lifestyle in their home country, namely consuming alcoholic beverages. In addition, there is also a tendency to change the lifestyle of metropolitan youth, who start consuming wine as a means of socializing with expatriates, or after returning from school abroad, they are still accustomed to the habit of

consuming alcoholic beverages abroad. Wine is an option other than other liquors because it looks elegant, doesn't result in severe drunkenness which has negative implications and wine looks more classy. Of course, overseas markets are still wide open with such a large world consumption, reaching 240 million hectoliters in 2015. Even though there are many competitors, with a good strategy it is not impossible for Hatten Wine products to penetrate the international market. Bahlan one day very likely PT Hatten Wine Bali to open a wine processing factory abroad to facilitate its distribution.

4.4 Production Capacity

The current production capacity of PT Hatten Wine Bali is still the largest among local wine producers, but when faced with foreign wine production, the production capacity of PT Hatten Wine Bali is still very, very small. With the market potential that is still quite wide both at home and abroad, the actual production capacity of PT Hatten Wine Bali can still be increased. With the right strategy, PT Hatten Wine Bali can increase its production capacity but not to pursue quantity and ignore quality. Increased production capacity is more aimed at market expansion, not to pursue consumers' requests for cheap prices. Wine with a special taste that is the hallmark of PT Hatten Wine Bali is an advantage that cannot be replaced by low prices. Therefore, the increase in production capacity must be carried out in a measurable manner in accordance with the increase in market demand. Increased production capacity must be in line with quality control and maintaining the brand name of PT Hatten Wine Bali.

4.5 Taste

PT Hatten Wine Bali has its own uniqueness with a wide variety of products and uses ingredients from within the country. Currently, PT Hatten Wine Bali's products have received seven awards from the CWSA wine competition. Of course, this is a matter of pride for both PT Hatten Wine Bali and Indonesia, and is an advantage that can be used as capital to compete with other producers. Therefore, PT Hatten Wine Bali must not stop innovating to create new creative products that are expected to be favored by world wine consumers. PT Hatten Wine Bali can segment certain products for certain groups so that there will be many choices. With the attractiveness of these choices, it is hoped that the PT Hatten Wine Bali brand will be more prominent.

4.6 Brand Name PT Hatten Wine Bali

Currently, the brand name PT Hatten Wine Bali is already quite prominent even among world wine lovers. This is a strong capital that can be used for business development in the future. Earning a good name is not easy but maintaining a good name is also much more difficult, therefore innovative efforts are needed to maintain the already good Hatten Wine brand name.

Hatten Wine was asked to be one of the top-10 fastest improving producers in Asia. Of course, this is a proud achievement as well as a trigger to maintain it. For the management of PT Hatten Wine Bali, this is a challenge in the future to maintain a brand name that is already at the top.

4.7 Consumer Behavior

Overseas wine consumers, especially in Europe and the United States, can be shown well through statistical data, because consumer behavior in consuming wine has become a lifestyle for the wider community. Thus the pattern of production, sales, marketing, and distribution of goods is very measurable and detectable. It is different in

Indonesia, Indonesian culture is indeed different from one region to another, especially since the majority of people who are Muslim tend to stay away from alcoholic beverages. Therefore, there is no definite data on who the wine consumers are and how much volume is consumed per year, because these wine consumers tend to be more exclusive, where not all people become wine consumers. However, wine buyers in Indonesia are quite potential, wine consumers in Indonesia have very good incomes and economic conditions. Most of them are wine lovers who often enjoy wine abroad.

4.8 Marketing Methods, Pricing, and Marketing Distribution

PT Hatten Wine Bali's marketing method in marketing its products has used a combination of traditional marketing methods, namely by having several regional distributors and targeting around 1,000 hotels and restaurants in Indonesia. In addition, PT Hatten Wine Bali also uses an online marketing model by opening a website that operates 24 hours. With the rapid development of social media, it is very appropriate for PT Hatten Wine Bali to use social media facilities to socialize various products, developments, production processes, and even recreation related to PT Hatten Wine Bali. With the development of photography and videography, the appearance of PT Hatten Wine Bali can be packaged nicely to attract consumers in various parts of the world at a relatively low cost.

Sales in 2008-2012 showed a declining growth rate. This indicates a problem with the marketing system applied by PT Hatten Wine Bali. The applied marketing system is related to the marketing mix. The marketing mix that has been applied so far is product, price, place, and promotion. The marketing mix is one of the spearheads to increase sales. On the sale of wine is very dependent on the marketing done by the company will provide feedback for the company.

The marketing mix related to the product shows that there are complaints from consumers on the packaging. The packaging is considered by consumers to be less attractive. This is indicated by the simple shape of the bottle and the less conspicuous label. The atmosphere of the sales room does not show the taste of a wine shop. The atmosphere of the wine shop room is one that can bring consumers to enjoy wine in a relaxed manner so that the room is designed elegantly. The impact of this problem is that end users are less interested in buying the product, but if they already know the taste of the product and are used to buying it, they will still buy the product they like.

The price applied by PT Hatten Wine Bali does not equalize prices for companies that become consumers, namely restaurants, hotels, and retail. Each company that becomes a consumer is given a different selling price for the same product. The impact caused by the price difference is that consumers will be confused to buy this PT Hatten Wine Bali product where they will definitely look for a cheaper price.

Place is a distribution channel carried out by the company. At PT Hatten Wine Bali the distribution channel that has been carried out is that the company only opens one showroom located at Simpang Siur Kuta Bali. With government regulations that limit the places where alcoholic drinks are sold, distribution cannot be maximized. So the impact is that consumers will find it difficult to get PT Hatten Wine Bali's products and lack of efficiency in terms of time. Promotions that have been carried out by the company are only advertising through print media such as magazines, distributing brochures in several places, providing merchandise, and participating in F&B events (as participants or sponsors). Meanwhile, promotions carried out by the company on electronic media such as television and radio were not carried out. So that potential customers of PT Hatten Wine Bali are not or less familiar with PT Hatten Wine Bali's products.

4.9 Competitors

On the island of Bali, there are twelve officially registered wine distributors. PT Hatten Wine Bali has quite a lot of competitors with products that are well known by foreign tourists, especially imported wine products, because these products are certainly very familiar on their tongues. PT Hatten Wine Bali should take quick, precise and measurable steps in carrying out promotions, so that its products are easily recognized and become new experiences for foreign tourists so that they are able to maintain and increase sales value every year.

4.10 Strengths, Weaknesses, Opportunities, and Threats (SWOT) Components

The following is the placement of the SWOT components in a table so that the combination of them can produce strategic alternatives. The strategies that have been formulated can later be arranged for short-term, medium-term, and long-term achievements.

Table 1. SWOT Analysis

SWOT Strategies	Strengths	Weaknesses
	1. Financial condition is quite healthy. 2. The brand name Hatten Wine is quite famous. 3. Domestic raw materials, capacity can be increased. 4. The taste of the product is liked by consumers, it is necessary to multiply the types of products. 5. Production costs can be reduced, if the production capacity is increased. 6. The existence of e-commerce that facilitates advertising. 7. Technological mastery can be improved. 8. Has an international quality wine maker.	1. Net sales decreased by 6.7% in the period 2008-2012. 2. Limited raw materials. 3. Narrow factory area.
Opportunities	S-O Strategies	W-O Strategies

<p>1.Economic growth tends to increase.</p> <p>2.Potential domestic market.</p> <p>3.The foreign market is wide open.</p> <p>4.Increase in foreign tourist arrivals.</p> <p>5.Improving the quality of infrastructure, supporting the existence of new tourism objects.</p> <p>6.The existence of an economic policy package to facilitate licensing in the industrial sector.</p> <p>7.Increased use of social media is increasing.</p>	<p>1.Carry out market expansion in a measured offensive manner by expanding the domestic market and opening up foreign markets (S1, S2, O1, O2, O3).</p> <p>2.Implementing aggressive marketing strategies with creative advertisements using social media and utilizing e-commerce technology (S2, S6, O7).</p> <p>3.Increase production capacity to meet the needs of domestic and foreign markets (S3, S5, O1).</p> <p>4.Improve product distribution channels by looking at the development of infrastructure and tourism that are of interest to foreign tourists (S1, O4, O5, O6)</p> <p>5.Increasing product variety by studying consumer character and mastery of packaging technology for foreign consumption (S4, S7, S8, O3, O4).</p>	<p>1.Need to increase targeted advertising (W1, O1, O2, O3, O7).</p> <p>2.Expansion of grape growing area or increase in cooperation with plasma farmers (W2, O5, O6).</p> <p>3.Rearrangement of factory land for production and storage (W3, O6).</p> <p>4.It is necessary to plan to build factories overseas for the long term (W3, O1, O3).</p>
Threats	S-T Strategies	W-T Strategies
<p>1.Economic conditions are still weak.</p> <p>2.Competition from local wine producers is getting higher.</p> <p>3.The majority of Indonesian Muslims tend to avoid drinking alcohol.</p> <p>4.Local or traditional culture is not used to drinking wine, but palm wine, wine, ciu-ciu, rat stamp, and others.</p> <p>5.Lose to compete with foreign products, both high quality and expensive or Chinese products which are famous for being cheap.</p>	<p>1.For the domestic market, it must always be offensive-measurable even though it is at the top (S1, S2, T1, T2).</p> <p>2.For foreign markets, because HW's position is at the bottom, it must use guerilla marketing and by creating special products that are able to attract the market (S2, S4, T5).</p> <p>3.Designing advertising that is targeted, measurable, and does not offend Muslims (S6, S7, T3, T4).</p>	<p>1.Survive with the current conditions by maintaining good relations with customers (W1, T1).</p>

PT Hatten Wine Bali is in the aggressive quadrant where financial strength is quite good and the stability of the industry related to the internet is also quite good. Companies that are in an aggressive position must take advantage of their internal strengths to:

1. Take advantage of external opportunities.
2. Overcome internal weaknesses.
3. Avoid external threats.

So that the strategy of market penetration, market development, product development, backward integration, forward integration, horizontal integration, or a combination of strategies can be applied.

4.11 Grand Strategy Matrix

From this position, it can be seen that PT Hatten Wine Bali is in a competitive position even though it is not very strong. This is understandable because so far PT Hatten Wine Bali has been fighting in the domestic market only and has avoided competing in foreign markets. Meanwhile, domestic competitors have also begun to emerge and take over the market for wine products, besides that, the battle with imported wine is still ongoing. However the market is still growing and is worth fighting for. Even though the foreign market is tough, it is still worth fighting for because with a special taste and daring to be different, PT Hatten Wine Bali's products can get a place in the hearts of foreign wine connoisseurs. Strategies that can be applied: market development, market penetration, product development, and related diversification.

V. Conclusion

The results of this study indicate that PT Hatten Wine Bali already has more value than other competitors, which is supported from the production process to the quality of the final product which is so selective that the quality of the product becomes the main reference.

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