

DEVELOPING FOOTWEAR BUSINESS: WHAT IS THE STRATEGY?

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ABSTRACT

Nowadays one promising business is the fashion industry, especially footwear. UD. Poker is one of the Small and Medium Enterprises which engaged in the footwear industry. This research is descriptive using a qualitative approach. Data collection techniques using in-depth interviews directly with the owners, employees, and communities around UD. Poker. Depth interviews, observation, and documentation are also used in data collection. Data analysis techniques used in this study consisted of four stages, 1) analysis of internal and external environment UD. Poker, 2) analyzing using the SWOT matrix, and 3) formulating alternative strategies, 4) recommending strategic decisions to develop business for UD. Poker. Based on the SWOT matrix program, the position of UD Poker is in quadrant I (aggressive strategy) which means that UD Poker is growing so UD. Poker is more appropriate to implement the Strength Opportunity (SO) strategy through market penetration and product development.

Keywords:

Strategy decision, internal environment, external environment, SWOT analysis

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PRELIMINARY

Small and Medium Enterprises (SMEs) are an important part of the economy of a country or region, as well as the Indonesian State. These SMEs have an important role in economic growth and development. SMEs are very helpful to the state or government in the creation of new jobs and new work units that can support household income. People are allowed to become business owners, who do not need to compete with many people to get very limited employment. This can be a business solution for the people.

One promising business at the moment is the fashion industry, especially footwear. As a part of world fashion, footwear is a very valuable object. Nowadays, the use of footwear is not only seen from its function, but also considered as an important thing that affects a person's appearance (Engel, Blackwell, & Paul W. Miniard, 2011). Even some elites consider that wearing footwear can show their social class so whatever the price is offered for one pair of globally expensive shoes they are willing to spend to satisfy the desire to shop and have it (Anam, 2015)

Based on its development, footwear small-scale industries (MSMEs) are SMEs that tend to be stable in their movements. In 2012, the investment that invested in this industry reached Rp 94.12 million and the US \$ 14.3 million (around Rp 130 billion). With a production capacity of 2,356 million pairs each year, absorbing 3,756 workers. All products are exported to the United States, Italy, Turkey, and Iraq by the US \$ 16.1 million. (Kemenperin, 2014). In the East Java region, footwear SMEs has become a cluster. Footwear distribution clusters include Sidoarjo, Pasuruan, Jombang, and Surabaya (Kemenperin, 2014).

One of the efforts of regional economic development that relies on local resources is developing the local economy. Local economic development is a process that mobilizes local government, society organizations and the business world in an area by relying on local strengths, namely natural resources, labor, capital, facilities and infrastructure, technology, markets, and management to create jobs and stimulate economic growth in a region (Yuniarti & Raharja, 2016).

Sidoarjo Regency has the potential in processing industry activities which play a role in the development of its region, especially economic development. In 2015, manufacturing industry held an economic role of 49.46% with one of its sub-sectors namely the leather industry, goods, and footwear which contributed 1,587,973.1 million rupiahs (Elisa & Santoso, 2017)

UD. Poker is one of the Small and Medium Enterprises engaged in the footwear industry, located in the industrial center of Wedoro, Sidoarjo Regency. This SME specifies in producing footwear products that are sandal with a market target ranging from teenagers to adults. UD. Poker considerations for choosing to produce sandals is because the production costs are lower compared to other types of footwear. Also, another reason is a large number of Indonesians and everyone needs slippers for footwear. This business has been run for almost 14 years, with a relatively small turnover. The area of sandal marketing now reaches several islands outside Java such as Sumatra and Kalimantan. The prospect of making this sandal product superior is its motive following trends and quality raw materials. The material used is a comfortable "sponge eva", not deflated easily, and has a natural color that is not faded easily compared to other similar sandal

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products.

As an SMEs engaged in the footwear industry, UD. Poker is quite mature in age and has a lot of experience in producing footwear. However, even though these SMEs have still encountered some problems in running their businesses, including high creativity to design unique sandals, the emergence of new competitors, substitution products, and changing consumer tastes very quickly is also an unavoidable problem.

In the globalization era, the economy will experience a very fast and dynamic development trend as of the dynamics of opportunities and challenges that must be faced. Therefore, in order to develop Small and Medium Enterprises (SMEs), especially those in the footwear industry center of Wedoro, Sidoarjo Regency, it is necessary to develop a strategic plan by analyzing the factors that influence the success and constraints of the business, and determine alternative strategies to develop business in this center. .

The purpose of this study is 1) analyzing the strategic environmental conditions of UD. Poker, 2) formulating a strategy that is appropriate to the environmental conditions of UD. Poker using SWOT analysis, 3) recommends a strategic plan for developing the UD Poker business.

LITERATURE REVIEW

Strategy decision

Strategy decisions are steps in the strategy management implementation process which is a long-term strategic decision. The strategy formulation process does not only examine the resources owned by the company and its capabilities but also requires consideration regarding existing business opportunities, conditions in the current environment and future developments faced by business organizations or companies that are full of uncer-

tainty (Assauri, 2013).

Business Environment

The process of formulating a strategic decision begins with an assessment of business opportunities faced based on the company's external environment, followed by an assessment of internal capabilities to take advantage of these opportunities (Assauri, 2013).

The external environment is an environment outside of the organization. Included in the external environment include 1) general environment that refers to trends in economic events, social, cultural, demographic, and environmental aspects, political aspects, government and law, technological aspects, and competitive aspects, 2) industrial environment consisting of competitors, suppliers, distributors, creditors, consumers, employees, stakeholders, governments, trade associations and so on (David, 2011). Factors originating from the external environment are analyzed using the EFE matrix (External Factor Evaluation). An external matrix is a tool that enables the preparation of strategies and evaluates the external environmental factors of the company to find out the opportunities and threats.

The internal environment is all resources owned by the organization both human resources and physical resources in the form of strengths and weaknesses that can be controlled directly by the organization. Changes that occur in this environment will directly affect organizational performance. Included in the internal environment include managerial, organizational culture, production, marketing, finance, human resources, R & D (Research and Development), management information systems (David, 2011). Factors that originating from the internal environment are analyzed

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using the IFE matrix (Internal Factor Evaluation). An internal matrix is a tool that allows the preparation of strategies and evaluates the internal environmental factors of the company to find out the strengths and weaknesses.

SWOT analysis

SWOT analysis (Strength, Weakness, Opportunity, and Threat) is used as an important supporting tool in decision making by using a systematic analysis of internal and external capabilities of the organization (Hai, 2011). The results of the external and internal environmental analysis are compiled into a SWOT strategy matrix consisting of four quadrants, namely 1) first quadrant aggressive growth strategy, 2) second quadrant diversification strategy, 3) third quadrant turnaround strategy, 4) fourth quadrant defensive strategy (Assauri, 2013).

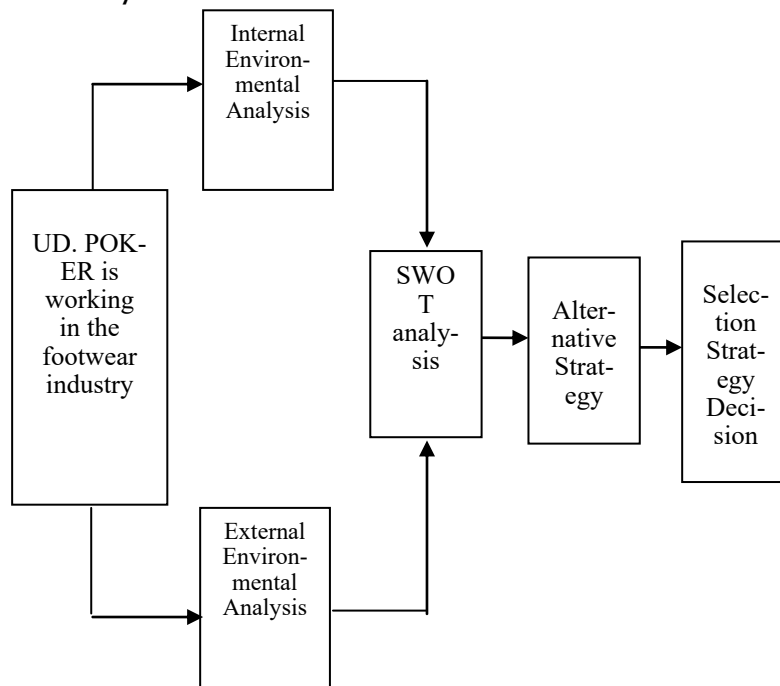
David (2011) SWOT matrix is an important matching tool that helps managers develop four types of strategies, namely: 1) Strength Opportunity Strategy (SO), which aims to utilize the company's internal strengths to get the benefit from external opportunities, 2) Weakness Opportunity (WO) Strategy, which aims to correct internal weaknesses by taking advantage of external opportunities, 3) Strength Threat Strategy (ST), which aims to use company strength to reduce or avoid the impact of external threats, 4) Strategy Weakness Threat (WT), which aims to reduce weaknesses and avoid external threats.

RESEARCH METHODS

This is descriptive research by using a qualitative approach. The object of this research is footwear SMEs in Sidoarjo Regency by conducting a case study on Small and Medium Enterprises UD.Poker

located at Jalan Wedoro Masjid No. 53 II / V of Wedoro Village, Waru District, Sidoarjo Regency. The data collection technique used in this study by using in-depth interviews directly with the owners, employees and the communities around UD. Poker. Besides using interviews, data collection techniques used in this study also using observation and documentation.

The analysis techniques in this study used four steps consisting of 1) analyzing the internal environment and external environment of UD. Poker, 2) matching the internal and external environmental analysis by using the SWOT matrix (Strength, Weakness, Opportunity, Threat), and 3) formulating alternative strategies that are following UD. Poker, 4) recommends a strategic decision to develop business for UD. Poker. The framework of this study is described as follows:



Source: Data processed by researchers (2017).

Figure 1. Framework about UD Poker's strategic plan

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RESULTS AND DISCUSSION.

As one of the SMEs in the Wedoro industrial center, Sidoarjo Regency, UD. Poker is one of the SMEs that produce footwear products, namely slippers. Based on the results of data collection that has been carried out by researchers, there are five to seven factors that can be identified by the researcher concerned with the UD. Poker business environment analysis is based on internal and external environments. The results of the analysis of the internal and external environment of UD Poker are as follows:

A. Analysis of the Internal Environment UD. Poker

Table 1. Analysis of the Internal Environment UD. Poker

Strength	Weakness
1. Using local raw materials to produce their products,	1. Do not have written planning
2. Innovative designs/ motives and guaranteed product quality/durability,	2. Do not have an outlet to sell the product
3. High entrepreneurial ability (tenacity)	3. Factory layout at UD. Poker is less profitable when viewed from the process and space efficiency
4. Owner of equipment and supplies,	4. Do not have business documentation (bookkeeping)
5. The affordable price of raw materials	5. The brand has not been patented.
6. Availability of easily accessible suppliers	6. Poor promotion
	7. The absence of an organizational structure

Source: Data processed by researchers (2017)

B. Analysis of the External Environment UD. Poker

Table 2. Analysis of the External Environment UD. Poker

Opportunity	Threat
1. The high purchasing power of people for unique and new products.	1. The entry of products from abroad that can provide cheaper prices, which can distort the domestic market,
2. The tendency of the community, especially teenagers who always want to look trendy, including harmonizing the color of clothing with footwear used so that each individual has more than one slipper.	2. The substitution of other products,
3. The government facilitates the handling of patents	3. Competition is getting tighter along with the rapid growth of the footwear industry,
4. Business management using technological developments	4. The emergence of new competitors,
5. Broad market segmentation outside Java.	5. Slippers are products that follow the trend so that the market is easily saturated.
6. Ability to master a strong market network.	
7. Relationship between solid business actors	

Source: Data processed by researchers (2017)

Based on the analysis of the internal and external environment UD. Poker, the researchers evaluate the strategic factors that are owned by UD Poker using the IFE (Internal Factor Evaluation) matrix and EFE (External Factor Evaluation) matrix. In making this matrix it is necessary to know the Key Success Factor which includes the Key Internal Factor and the External Key Factor. Each Key Success Factor is given starting from 0.0 (not important) to

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1.0 (very important). These factors are likely to have an impact on strategic factors. Then the rating is calculated for each Key Success Factor by giving a scale ranging from 1 (poor) to 4 (outstanding) based on the influence of these factors on the condition of the SMEs UD. Poker. To analyze the internal and external environment of UD Poker, the rating of each key success factor using a scale of 1-4, as follows:

- 1 - Very Weak
- 2 - Weak
- 3 - Strong
- 4 - Very Strong

The results of the analysis of the Internal Factor Evaluation (IFE) matrix and the External Factor Evaluation (EFE) matrix can be as follows:

Table 3. IFE Matrix

Internal factor			
Strength	Weight	Score	Weight Total
Using local raw materials to produce their products,	0,12	4	0,48
Innovative designs/ motives and guaranteed product quality/ durability,	0,15	4	0,60
High entrepreneurial ability (tenacity)	0,05	3	0,15
Owner of equipment and supplies,	0,06	3	0,18
The affordable price of raw materials	0,11	4	0,44
Availability of easily accessible Suppliers	0,08	3	0,24
Sub Total	0,57		2,09
Weakness			
Do not have written planning	0,08	1	0,08
Do not have an outlet to sell the product	0,06	1	0,06
Factory layout at UD. Poker is less profitable when viewed from the process and space efficiency	0,06	2	0,12
Do not have business documentation (bookkeeping)	0,08	2	0,16
The brand has not been patented.	0,03	2	0,06
Poor promotion	0,08	1	0,08
The absence of an organizational structure	0,04	1	0,04
Sub Total	0,43		0,6
Total	1,00		2,69

Source: Data processed by researchers (2017)

From the results of the IFE matrix in table 3 above the total value for the internal factor UD. Poker is 2.69 which shows that UD Poker's response to internal factors is quite good because the SME response standard is 2.5. It proves that UD. Poker has been quite successful in using its power and covering its shortcomings which are implemented in the UD Poker strategy. Some important factors that have a high weight for strategy formulation, can be responded and managed properly by UD. Poker, where the greatest strength lies in the design or innovative product motives (S2) with a total weight of 0.60 while the biggest weakness in the business documentation (accounting) with a total value of 0.16.

Also, to analyze internal factors, it is necessary to analyze the external factors shown in table 4 EFE of the following matrix:

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Table 4. EFE Matrix

External factor			
Opportunity	Weight	Score	Weight Total
The high purchasing power of people for unique and new products.	0,07	3	0,21
The tendency of the community, especially teenagers who always want to look trendy, including harmonizing the color of clothing with footwear used so that each individual has more than one sandal.	0,04	2	0,08
The government facilitates the handling of patents	0,09	4	0,36
Business management that uses technological developments	0,08	4	0,32
Broad market segmentation outside Java.	0,07	3	0,21
Ability to master a strong market network.	0,06	2	0,12
Relationship between solid business actors	0,05	2	0,10
The high purchasing power of people for unique and new products.	0,10	2	0,20
Sub Total	0,56		1,6
Threat			
The entry of products from abroad that can provide cheaper prices, which can distort the domestic market,	0,12	4	0,48
The substitution of other products,	0,10	3	0,30
Competition is getting tighter along with the rapid growth of the footwear industry,	0,10	2	0,20
The emergence of new competitors,	0,06	4	0,24
Slippers are products that follow the trend so that the market is easily saturated	0,06	2	0,12
Sub Total	0,44		1,34
Total	1,00		2,94

Source: Data processed by researchers (2017)

From the results of the EFE matrix in table 4 above, it can be concluded that UD Poker can respond quite well to external factors that are important for the success of SMEs. The results of calculations for external factors of 2.94 show a good response above the average of 2.50. This allows UD Poker to be able to know the opportunities which are used in the preparation of strategies to achieve business success, where UD is the biggest opportunity. Poker lies in a trend or lifestyle (O3) with a total value of 0.36 and the threat lies in the entry

of footwear products from abroad which can provide cheaper prices, which can distort the domestic market with a total value of 0.48.

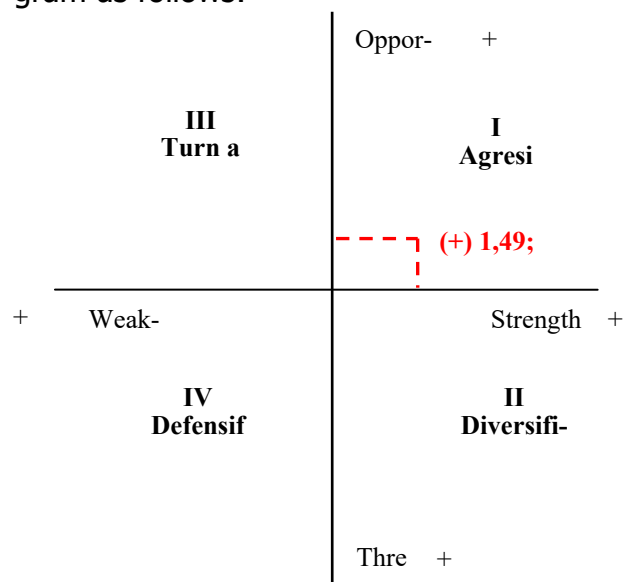
To determine UD. Poker strategic plan is based on an internal and external environmental analysis based on the IFE matrix (table 3) and the EFE matrix (table 4), the following results can be described:

Table 5. The score for each of UD Poker's internal and external factors

		Score Total	Difference
Internal (x)	Strength	2,09	(+) 1,49
	Weakness	0,6	
External (y)	Opportunity	1,6	(+) 0,26
	Threat	1,34	

Source: Data processed by researchers (2017)

Based on the data mentioned in table 5, the position of UD Poker is at the coordinate value of (+) 1.49; (+) 0.26 which can be illustrated by the SWOT analysis diagram as follows:



Source: Data processed by researchers (2017)

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**Figure 2.
 UD Poker SWOT analysis
 diagram based on strategic en-
 vironmental analysis**

Based on Figure 2 shows that UD Poker is in the quadrant I position where UD Poker has more dominant power compared to its weaknesses, while based on external environmental factors get a big chance enough that UD Poker has a very profitable position because UD Poker can take advantage of opportunities by optimizing internal strength which is owned. The strategy that can be applied is to carry out an aggressive strategy. Companies that have internal strength with external opportunities at quadrant I emphasize growth through market development strategies, product development strategies, market penetration strategies, conglomeration growth strategies, horizontal integration strategies, and future integration strategies (Assauri, 2013).

Furthermore, to formulate an alternative strategic plan that will be recommended to UD Poker is doing the matching phase based on the UD Poker strategic environment analysis based on the internal and external environment using the SWOT matrix. Look at the following UD Poker SWOT matrix:

**Table 6. SWOT Matrix UD.
 Poker**

	Strength (S)	Weakness (W)
Analysis of the External	Using local raw materials to produce their products, Innovative designs/ motives and guaranteed product quality/durability, High entrepreneurial ability (tenacity)	Do not have written planning Do not have an outlet to market the product Factory layout at UD. Poker is less profitable when viewed from the process and space efficiency
Analysis of the Internal	Owner equipment and supplies, The affordable price of raw materials Availability of easily accessible suppliers	Do not have business documentation (bookkeeping) The brand has not been patented. Poor promotion The absence of an organizational structure

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Opportunities (O)	SO strategy	WO strategy
<p>The high purchasing power of people for unique and new products.</p> <p>People will use 24% of the income</p> <p>The tendency of the society, especially teenagers who always want to look trendy, including harmonizing the color of clothing with footwear used so that each individual has more than one slipper.</p> <p>The government facilitates the handling of patents</p> <p>Business management that uses technological developments</p> <p>Broad market segmentation outside Java.</p> <p>Ability to master a strong market network.</p> <p>Relationship between solid business actors</p>	<p>Creating more choices of motives that are in demand by buyers / through innovation regularly (S2, O1).</p> <p>Adding market expansion outside Java (S4, O5)</p> <p>Adding production quantity (S5, O4).</p> <p>Not producing products with designs which are saturated on the market, and still producing designs which are still in demand even though the designs are old (S2, O3)</p> <p>Reducing operating expenses (raw material purchases) (S1, O4)</p>	<p>Buy new land to build an outlet (W2, O1, O2)</p> <p>Evaluate the progress of sales of each product intensively (W1, W4.01).</p> <p>Utilizing promotional tools (website, sales, etc.) (W6, O5).</p> <p>Make a patent (W5, O6)</p>

Threat (T)	ST strategy	WT strategy
<p>The entry of products from abroad that can provide cheaper prices, which can distort the domestic market,</p> <p>The substitution of other products,</p> <p>Competition is getting tighter along with the rapid growth of the footwear industry,</p> <p>The emergence of new competitors,</p> <p>Sandals are products that follow the trend so that the market is easily saturated</p>	<p>Using local raw materials so that get affordable selling points (S1, S7, T1)</p> <p>Creating more choices of motives (S2, T3, T4, T5)</p> <p>Maintaining control of a strong market network (S4, T1)</p> <p>Strengthen cooperation within the organization's internal scope (S6, T3, T4)</p>	<p>Utilizing promotional tools (website, sales, etc.) (W6, T3, T4)</p> <p>Make patent rights (W5, T3, T4)</p> <p>Expansion of the marketing network, by cooperating with cooperation, retail shops, and supermarkets (W2, T1, T3, T4).</p>

Source: Data processed by researchers (2017)

The next step is to evaluate and prioritize strategies to be implemented at UD Poker as an SME that produces products in the form of footwear. The strategy is a comprehensive and integrated plan regarding the efforts that need to be carried out, which includes the establishment of policies, operational programs, and activities by taking the resources owned by UD. Poker and the environmental conditions

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that will be faced. Strategies or ways to achieve goals and objectives are important factors in strategic planning. Strategies can provide direction and encouragement so that activities can be carried out smoothly which takes into the problems which are expected to arise in the future which may change UD.Poker's position in the growing quadrant I (aggressive strategy) by prioritizing the internal strength of UD Poker to get the benefit from external opportunities by implementing the Strength Opportunity (SO) strategy. The SO strategies that UD Poker can implement are as follows:

1. Creating more choices of motifs that are in demand by buyers/innovations regularly (S2, O1).
2. Adding market expansion outside Java (S4, O5) means developing the market through a network expansion program
3. Adding production quantity (S5, O4)
4. Not producing products with designs which are saturated on the market, and still producing designs that are still in demand even though the designs are old (S2, O3)
5. Reducing operating expenses (raw material purchases) (S1, O4)

Based on the identification of strategies that have been carried out using SWOT matrix diagram analysis and SWOT matrix analysis, the recommendations of UD Poker's strategic decisions are as follows:

1. Market Penetration Strategy

UD. Poker has a market area outside Java. So far UD. Poker has served orders from customers on the islands of Sumatra,

Kalimantan, and Sulawesi. What must be done to the next is to strengthen the position in the market outside Java, this is because gradually there will be many competitors who will enter the market outside Java, therefore UD. Poker must prepare a strategy to maintain its position in the outer market of the island of Java. Market strengthening strategies can be optimized by the way of:

- A. Build good business communication with customers from outside Java by improving customer service.
- B. Attract customers from competitors, by increasing creativity through product innovation so that the market is not saturated, and markets products by offering discounts to attract consumers.

2. Product Development Strategy

It is a strategy that aims to enable companies to increase sales by increasing or modifying existing products. UD. Poker needs to innovate products. Product innovation can be carried out by developing product designs according to the demands or desires of consumers and following emerging trends. For this reason, research is needed to find out the real conditions on the market in meeting the needs of footwear. The purpose of this strategy is to improve and develop existing products. It needs to be done considering that competitors have offered similar products that are quite good, and/or cheaper, can develop products, and are in a growing industry.

CONCLUSION

UD. Poker is an SME engaged in the footwear industry. The strength of this UKM lies in the use

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of quality local raw materials, quality products, and innovative designs, as well as products that are comfortable to use because they are not easily deflated and not slippery. While the weaknesses are in brands that have not been patented. The tendency of people, especially teenagers who always want to look trendy, the needs of everyone for footwear, and the existence of quality and reliable suppliers is an opportunity for UD. Poker to expand its business. Besides the opportunities, some threats must be overcome. These threats include relatively low purchasing power because prices are set higher than similar products, there are many competitors in the footwear industry, the number of substitutes, and changes in the behavior of consumers who prefer low prices rather than quality. Based on the SWOT matrix program, the position of UD Poker is in quadrant I (aggressive strategy) which means that UD Poker is growing then UD. Poker is more appropriate to implement the Strength Opportunity (SO) strategy through market penetration and product development.

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