

Strategy Analysis of PT. Sumber Alfaria Trijaya TBK

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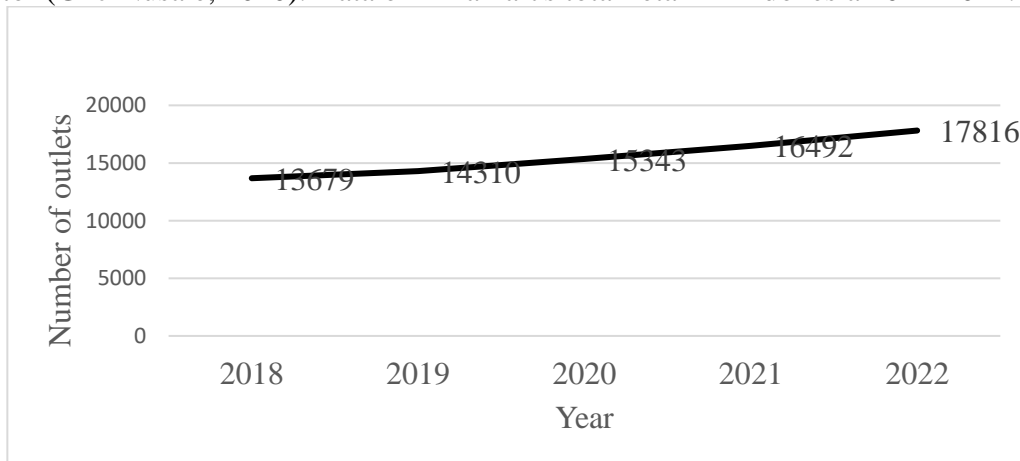
Abstract

This study aims to analyze the strategy of PT Sumber Alfaria Trijaya, Tbk. by using a SWOT analysis consisting of a matrix of IFAS (Internal Factor Analysis Strategy), EFAS (External Factor Analysis Strategy) as a basis for identifying the strengths and weaknesses of the company. This study uses descriptive qualitative research methods to explain external factors and internal factors in the company. The results of the study show that PT Sumber Alfaria Trijaya Tbk is a leader in the retail business in Indonesia which still needs support in the form of large promotions and expansions and is in a strong position and has great growth potential in the future. This research contributes to expanding understanding of the business strategy of PT Sumber Alfaria Trijaya Tbk and provides advice for making the right decisions in developing the business in the future.

Keywords: Strategy; Analysis

Introduction

Since the early 2000s, the Indonesian industry has grown rapidly with many outlets built in many regions (Azlina, 2022). The retail industry is a combination of activities to carry out sales and rent goods and services directly to the last customer for individual or household use. (Wardani, 2022). PT Sumber Alfaria Trijaya, Tbk is a retail company established in 1989 by Djoko Susanto and his family and then in 2009 became a public company after conducting a public offering on IDX (Indonesia Stock Exchange). The company provides >4 million services every day in its 17,000 outlets with 90,000 employees. This company is engaged in the retail industry, especially in the mini-market sector (GEJ Nusale, 2020). Data on Alfamart's total retail in Indonesia 2012-2022.



Company data (data processed, 2023)

Figure 1. Number of Alfamart Stores 2018-2022

So, information on Alfamart outlets in Indonesia continues to increase every year. In 2017, there were 13,477 Alfamart outlets, but in 2022 the number increased to 17,816 outlets. The increase in the number of outlets reached 24 in the last 6 years. This shows good performance for the company. The challenge faced by companies is that in addition to being required to maintain sustainable business performance, competitors entering the modern retail industry have also increased. This certainly causes the level of retail business competition to be very competitive.

SWOT analysis becomes an important foundation in identifying the strengths, weaknesses, opportunities, and threats of PT Sumber Alfaria Trijaya Tbk. Through this analysis, the company can understand its competitive position in the market and identify areas that require improvement or strengthening. As an effort to make an accurate strategy, it must identify the weaknesses and strengths of PT Sumber Alfaria Trijaya by paying attention to existing threats and opportunities (Mutiara, 2021). SWOT analysis is obtained from the activities of analyzing internal and external factors that affect the company which includes matrix analysis IFAS (Internal Factor Analysis Strategy), EFAS (External Factor Analysis Strategy). The implementation of this analysis is carried out through a comparison of external factors (opportunities & threats) with internal (weaknesses & strengths) of the company. In this article, we will conduct a comprehensive review of the SWOT, EFAS, and IFAS analysis of PT Sumber Alfaria Trijaya Tbk. and reveal the key factors that influence the company's strategy and growth, as well as how the company uses this analysis to maximize strengths, overcome weaknesses, maximize opportunities, and resolve threats. Through a comprehensive understanding of SWOT, EFAS, and IFAS analysis at PT Sumber Alfaria Trijaya Tbk.

Various strategic factors of the company are analyzed using a SWOT matrix that can describe external opportunities and threats in the company that can adapt to their strengths and weaknesses. Thus, the existence of this analysis can provide 4 sets of alternative strategies by Fred R. David (2011). SWOT analysis is a way to identify systematic factors in order to formulate a company's strategy. The basis of this analysis is to optimize opportunities and opportunities while reducing weaknesses and threats. The way this analysis is done is by comparing internal and external factors. So that these two factors are very important in SWOT analysis (Utsalina & Primandari, 2020). First, external factors in the form of weaknesses and threats related to circumstances from outside the company that influence in making policies from the company which includes the business environment both macro, industry, politics, economics, law, and so on. Meanwhile, internal factors related to the situation in the company affect its policies covering all functional management in the form of finance, operations, marketing, management information systems, and corporate culture (Fahmi, 2013). SWOT analysis uses mathematics in preparing various strategic factors of the company, namely the IFE and EFE matrix including columns, ratings, weights, and ratings based on values resulting from categories of various internal and external factors according to the level of company importance (Saputri, 2011).

Methods

This type of research is descriptive qualitative. As the expert argues, qualitative research is concluded that qualitative research is collecting data from scientific settings to interpret phenomena where researchers as key instruments, in taking samples carried out through snowball and purposively with data validation through triangulation techniques with inductive analysis by interpreting data rather than generalizing it (Setiawan, 2018). While descriptive research is looking for various information on community problems and community procedures and various atmospheres regarding activities, relationships, behaviors, and processes of phenomena. This descriptive method is carried out by observations, interviews, and case studies to obtain behavioral indicators compared to data that can be analyzed with statistics (Fauzi, 2020).

Results and Discussion

1. Internal Environment

Analysis This analysis was carried out by identifying strengths and weaknesses in PT. Sumber Alfaria Trijaya Tbk to analyze the company through a functional approach involving analysis in various aspects in the form of finance, production and marketing, Human Resources, research activities, management information systems and developing the company.

2. External Environmental Analysis

This analysis in PT. Sumber Alfaria Trijaya Tbk involves identifying opportunities and threats including various factors such as technological, cultural, social, economic, demographic, political, environmental and competitive aspects.

3. IFAS Matrix Analysis

This matrix is useful in evaluating the extent to which internal factors affect PT. Sumber Alfaria Trijaya Tbk. The total value of this matrix is obtained from the number of ratings and the weight of each internal strategic factor of PT. Multiplied Alfaria Trijaya Tbk.

4. EFAS Matrix Analysis

This matrix is useful in evaluating the extent to which various external factors affect PT. Alfaria Trijaya Tbk as well as providing ratings for each relevant external strategic factor.

5. Internal and External Conditions in the Company PT. Alfaria Trijaya Tbk STRENGTH

- a. PT. Alfaria Trijaya Tbk has a variety of products with a very wide variety and the best quality
- b. Able to offer cheaper prices for some individual products or certain wholesalers and offer in all branches.
- c. Has 32 distribution centers and 17,816 minimarkets spread across Indonesia
- d. PT. PT. Alfaria Trijaya Tbk has a wide range of products and services, including food and beverages, health and beauty products, daily necessities, and a wide range of electronic products and household appliances. Alfamart also offers a membership program for loyal customers who can get discounts, prizes and special rewards.
- e. Sumber Alfaria Trijaya has an extensive network of Alfamart stores, so that the products produced can be distributed throughout Indonesia
- f. In providing customer service, PT Sumber Alfaria Trijaya prioritizes customer satisfaction through friendly and high-quality service.
- g. The products produced by PT Sumber Alfaria Trijaya are famous for their high quality, accompanied by strict quality control.
- h. PT. Alfaria Trijaya Tbk has an integrated management information system (SIM) to facilitate business management.

6. Weakness

- a. Narrower store size than competitors
- b. Limited products provided
- c. The location of outlets is still dominant in Java
- d. PT. Alfaria Trijaya Tbk heavily on debt in a short time for the company's daily operations.

- e. Transaction Processing System at Alfamart relies on technology systems in managing business transactions. Therefore, in the event of technical glitches, such as network disruptions, hardware malfunctions, or software problems, it can have an impact on smooth operations and the availability of required data.

7. Opportunities

- a. The growth of products in the consumer goods industry
- b. People now have primary needs by shopping at Alfamart
- c. The number of people continues to grow
- d. The level of public consumption that rose
- e. People's income continues to rise
- f. Innovations implemented to expand its market
- g. Hypermarket growth continues to decline
- h. Entry of new products

8. Threats

- a. The existence of competitors among retailers
- b. The existence of cheaper replacement distributors
- c. The occurrence of rising inflation
- d. Government policies that increase tax prices
- e. Government policies prohibiting the use of plastic bags
- f. The occurrence of disasters that cause damage
- g. The occurrence of image-damaging employee scandals

Table 1. IFAS (Strengths and Weaknesses)

Internal Strategic Factors	Weight	Score Rating	Weighted Score
A. Strength			
Has a lot of collaboration with big companies (GoTo and Bank Aladin)	0.02	4	0.08
Each outlet has consistent service	0.03	3	0.09
The strategy applied is different from its competitors	0.09	4	0.36
In 2021 the company expands its market by establishing 200 outlets in the Philippines	0.04	4	0.16
The company's current liquidity is quite reasonable when viewed from the calculation of its cash and credit facilities	0.04	3	0.12
In 2020 the company formally diversifies its products by adding its business fields, cafes and restaurants (Alfa X and bean spot)	0.08	4	0.32
Alfamart has invested in Alfamart Trading Philippines, Inc, DC Properties Management Corp, PT Kita Indonesia Plus, and Tada Network Pte.Ltd	0.07	4	0.28

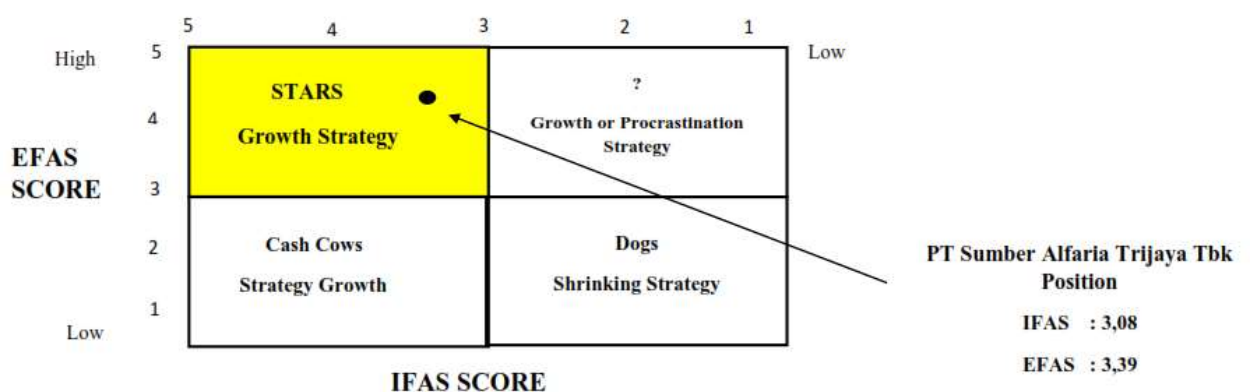
Grai Alfamart is placed close to its competitor, namely Indomaret.	0.04	4	0.16
Have a membership card in all outlets	0.03	3	0.09
The strategy implemented in promotional rights, prices, and merchandise plans that differ from competitors.	0.06	4	0.24
B. Weaknesses			
The outlet has a narrower size than its competitors	0.03	1	0.03
Product supplies are limited to basic necessities, snacks and packaging, and households	0.04	1	0.04
The outlets have the most locations in Java	0.07	4	0.28
Companies in expanding their business in Java screen face development cost constraints	0.05	2	0.1
Capex efficiency failed the company	0.05	2	0.1
relies on short-term debt for the company's daily operational needs.	0.07	3	0.21
Stores in Jabodetabek experienced slow growth	0.03	2	0.06
The company's DER is 0.4x higher than its competitor Indomaret in 2020	0.04	2	0.08
AMRT's biggest cost is the Cost of Goods Sold (COGS) which comes from purchasing supplier products, which on average is a proportion of revenue.	0.08	3	0.24
Stagnant SSSG due to fierce competition.	0.04	1	0.04
Total IFAS Matrix	1	-	3.08

Table 2. EFAS (Opportunities and Threats)

External Strategic Factors	Weight	Score Rating	Score Rating
A. Opportunities			
Alfamart's image is very good	0.07	4	0.28
Wider reach of consumers	0.03	4	0.12
Innovations developed for wider market expansion	0.08	3	0.24
Various new products entered the company	0.04	2	0.08
The community now has primary shopping needs at Alfamart	0.06	4	0.24

A society that has an increasing number	0.04	4	0.16
Society has a level of consumption that continues to increase	0.04	2	0.08
Various products grow in the consumer goods industry	0.06	3	0.18
The community has an ever-increasing income	0.05	3	0.15
Hypermarkets experienced a decline in growth	0.03	4	0.12
B. Threats			
There are competitors among retailers	0.07	4	0.28
There are cheaper replacement distributors	0.05	2	0.1
Start rising inflation	0.02	2	0.04
The government's tax increase policy	0.03	4	0.12
The ban on using plastic bags is a government policy	0.02	3	0.06
There is a disaster that destroys the company	0.09	4	0.36
There is a damaged company image due to employee scandals	0.07	4	0.28
Consistent rise in hypermarket growth	0.05	3	0.15
A stronger pandemic	0.05	3	0.15
A new type of virus that appears	0.05	4	0.2
Total EFAS Matrix	1	-	3.39

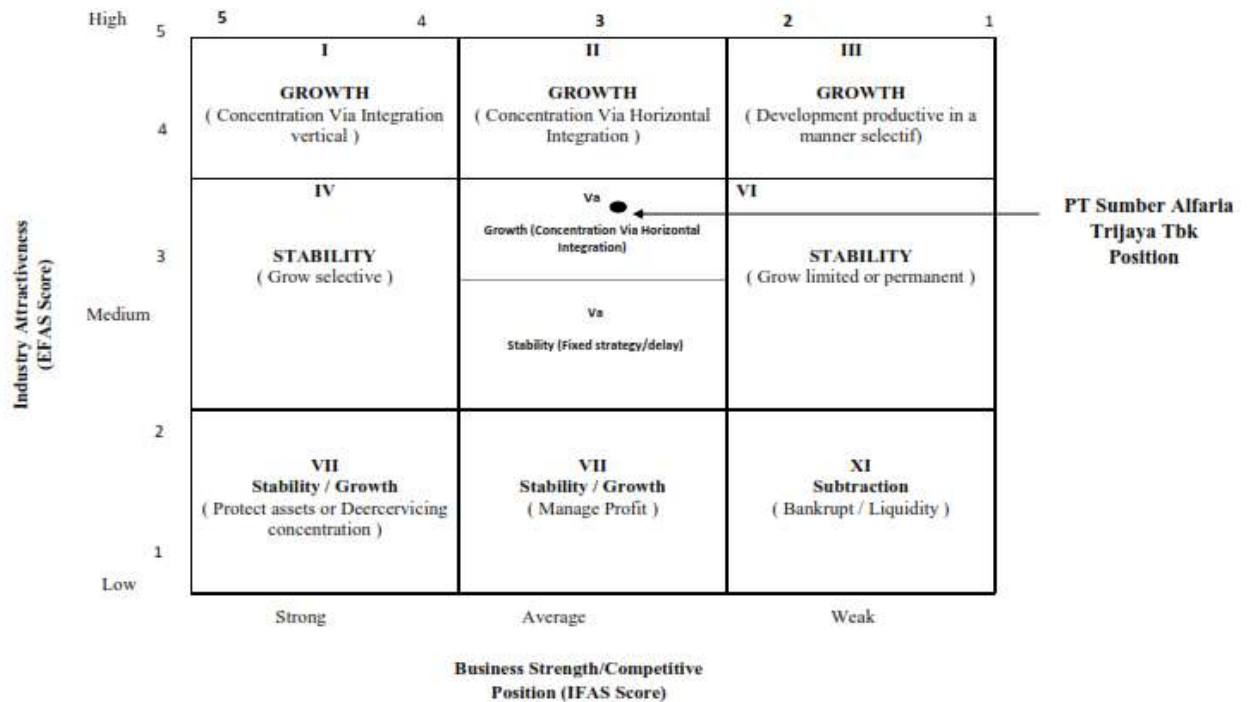
Table 3. BCG Matrix (Modified)



In the modified BCG matrix, PT Sumber Alfaria Trijaya Tbk (Alfamart) is in the star quadrant on the BCG Matrix, which means that the products or services offered by PT Sumber Alfaria Trijaya Tbk have a large market share and are growing rapidly in

developing markets. . PT Sumber Alfaria Trijaya Tbk's business is in a strong position and has the potential to experience major growth in the future. Under these conditions, according to theory, PT Sumber Alfaria Trijaya Tbk, including retail business leaders in Indonesia, who still need expansion support and major promotions, are in a strong position and have the potential to experience great growth in the future.

Table 4. GE Matrix (Modified)



The position of PT Sumber Alfaria Trijaya Tbk (Alfamart) can be said to be in Medium Attractiveness because this company has many competitors in the Indonesian retail market, but also has the opportunity to grow and gain profits in that market. In addition, PT Sumber Alfaria Trijaya Tbk (Alfamart) already has a large and strong customer base in Indonesia with thousands of outlets throughout Indonesia, and is implementing strategies to expand its business by developing new products and services as well as innovative technologies. However, companies still need to face stiff competition in the Indonesian retail market and develop the right strategy to remain relevant and successful in the long term. Therefore, PT Sumber Alfaria Trijaya Tbk (Alfamart) needs to continue to monitor market conditions and improve its business so that it can continue to compete and grow in the market.

Based on the position of PT. Sumber Alfaria Trijaya Tbk, an alternative strategy that can be recommended for the company is *the Growth Strategy* through integration of market penetration, namely the search for a larger market share so that its products can go through better marketing efforts.

Table 5. TOWS Matrix

STRENGTHS	WEAKNESSES
1. The company's current liquidity is quite safe if the cash and credit facilities are calculated	1. Store size is narrower than competitors
2. Implementation of expansion strategy is	2. Eskpandi's obstacles outside Java are due to development costs.

	different competitors	from	3. Stores in Jabodetabek experienced slow growth
	3. Alfamart has invested in several companies.		
OPPORTUNITIES	SO STRATEGIES		WO STRATEGIES
1. CitraPT Sumber Alfaria Trijaya Tbk which is very good	Growth Strategy (Financial Strategy) (S1, S2, S3, O2, O3)		Cost Leader Strategy- (Market Location Tactic) (W1, W2, W3, O2)
2. Reach a wider range of consumers			
3. Innovations developed for wider market expansion			
THREATS	ST STRATEGIES		WT STRATEGIES
1. The existence of cheaper substitute distributors	Diversification Strategy (S2, T1, T3)		Market Location Tactics (W1, W2, W3, T3)
2. Government policies that increase the price of taxes			
3. Existence of competitors among retailers			

From the mapping of the company's strengths, weaknesses, opportunities and threats, there are 4 types of alternative strategies, namely *growth strategy* through financial strategy, *cost leader strategy* through *market location tactic* and *diversification strategy* and *market location tactic*.

Alternative strategies: Of the three alternatives, PT. Sumber Alfaria Trijaya Tbk implements a *growth strategy* through a marketing strategy with the aim of increasing sales with the right marketing strategy.

9. SO, WO, ST, WT Strategy

a. SO strategy

- 1) Entering new markets, through international expansion or by targeting underserved areas domestically for. help the company reach new customer segments and increase its market share
- 2) Develop an efficient supply chain system, to maintain consistent product availability. So that customers can find a variety of products when they visit the store.
- 3) Increasing the popularity of online shopping and delivery services, Alfamart can invest in e-commerce platforms and offer online ordering and delivery options in order to gain a wider consumer reach and compete with other online retailers.
- 4) Diversify product offerings to meet evolving customer needs and preferences
- 5) Improving the loyalty program and increasing customer engagement initiatives can help Alfamart retain the old as well as attract the new

b. WO Strategy

- 1) Expand and diversify product offerings by introducing new brands and expanding product categories.

- 2) Expand and improve store layout by optimizing store design, streamlining product displays and creating a comfortable and enjoyable shopping environment.
 - 3) Improving the funding structure,
 - 4) Strengthen the financial and investment management system.
- c. ST Strategy
- 1) Improve operational efficiency by simplifying processes, optimizing supply chain management, and leveraging technology
 - 2) Provide relevant and quality education and training for employees
 - 3) Conduct performance evaluations to develop the company
 - 4) Improve the quality and uniqueness of the product
 - 5) Evaluate and optimize company expenses
- d. WT Strategy
- 1) Identify strategic areas to develop the company
 - 2) Increase competitiveness through access to high quality products, better prices and superior service
 - 3) Conduct risk analysis to identify threats and anticipate changes in the business environment
 - 4) Enhance a strong brand image and enhance unique and attractive marketing efforts to reach a wider market
 - 5) Adjust product offerings with trends and consumer needs so as to maintain market share.

Conclusion

PT Sumber Alfaria Trijaya Tbk or Alfamart, is a leader in the retail business in Indonesia. The company has a large market share and continues to grow in a growing market. Despite having thousands of outlets across Indonesia and a strong customer base, Alfamart still needs major promotions and expansion to support its future growth. Competition in the Indonesian retail market is very tight, thus, Alfamart must develop the right strategy to remain relevant and successful in the long term. Alternative strategy recommendations that can be carried out by companies are growth strategies through integration of market penetration, namely seeking a larger market share with better marketing.

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