
Strategies to Improve Business Performance in The Face of Strong Competition

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Abstract:

Jakarta Cosmetics Store is one of the stores engaged in the sale of various cosmetic products and various skincare products. The number of competitors in the cosmetics sector, such as Jakarta Cosmetics Store, requires the right marketing strategy to be able to face the competition in the cosmetics market. The purpose of the study was to determine the strategy implemented by the company to improve its business performance. The research informants numbered 8 people. The method used in this study was the descriptive method. The use of the descriptive method is to determine the application of SWOT analysis in determining strategies to improve its business performance. The results of the study indicate that Jakarta Cosmetics Store must take advantage of opportunities as much as possible, by using an aggressive strategy to be able to attack the market and can widen the gap in competition.

Keywords: *Cosmetics, SWOT, strategy, business*

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1. Introduction

Currently, business competition presents various changes that significantly impact the business environment. Increasingly diverse human needs are driving tighter competition, making the business world more competitive with an ever-changing and uncertain climate. This situation requires companies to implement the right strategy to ensure business sustainability (Porter, 1980; Barney, 1991). The same is true in the cosmetics industry, which continues to grow as beauty products become an essential need for many women. As a result, the number of players in this industry is increasing, leading to heightened competition. One such player is Toko Jakarta Cosmetics, which offers a variety of cosmetic and skincare products. The store has a strategic location and utilizes both online and offline marketing strategies. The online marketing strategy began in 2021, when online sales became a trend, while offline marketing has been in place since 2017. Given the high level of competition, including from Toko

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Jakarta Cosmetics, an effective marketing strategy is needed to stay competitive in this dynamic cosmetics market (Grant, 2016; Kim & Mauborgne, 2005).

According to Kotler (2012), companies need to implement the right strategy as one of the key factors for market sustainability. Toko Jakarta Cosmetics, operating in the cosmetics sector, faces increasing competition over time. Therefore, the company must implement an effective strategy to boost sales and achieve its goals. To do this, it is crucial for the company to develop strategies that enhance performance and competitiveness in this highly competitive market (Barney & Hesterly, 2015; Wright, Kroll, & Parnell, 1998).

Company performance refers to the level of achievement of results designed to meet the company's goals. Performance management involves a series of activities aimed at improving organizational performance, including individual and group performance within the company (Johnson & Scholes, 2016). In facing business competition, companies must have the right strategy, developed by balancing internal and external strengths. The purpose of competitive strategy development is to objectively understand the company's internal and external conditions, enabling it to anticipate changes in the external environment (Teece, Pisano, & Shuen, 1997). This is crucial to creating a competitive advantage and delivering products that meet consumer needs with optimal resource support (Rangkuti, 2006). Through effective strategies, companies can monitor business development and enhance their competitiveness in a dynamic business world.

Generally, understanding the concept of strategy involves recognizing the correct approach to implementing strategic plans (Porter, 2008; Hamel & Prahalad, 1994). In this context, performance improvement refers to a company's efforts to enhance its performance measurement system across various aspects, such as marketing, competition, and human resource management. By identifying problems and their impacts, research on strategies to improve the business performance of Toko Jakarta Cosmetics becomes essential. This research will focus on the challenges faced both in the internal and external environments of the store. However, no definitive or optimal strategy has been identified to enhance the business performance of Toko Jakarta Cosmetics.

While numerous studies discuss business strategies in the context of intense competition, there is limited research that specifically assesses strategies applicable in the cosmetics industry, particularly in the dynamic local market. Previous studies tend to focus more on larger or global industries, with fewer examining the retail cosmetics sector in a competitive local market like Indonesia. Therefore, this study addresses the gap in knowledge about how local cosmetics businesses can implement marketing strategies to compete effectively in this rapidly evolving industry.

This research is urgent because the cosmetics industry in Indonesia is growing rapidly, with increasing competition. As more competitors enter the market and consumer needs become more varied, Toko Jakarta Cosmetics needs strategies that can enhance

its competitiveness and business performance. Additionally, the study will provide insights into how small and medium-sized enterprises (SMEs) in the cosmetics sector can navigate competitive challenges and market uncertainties by applying appropriate strategies.

This study introduces a novel approach by specifically examining the strategies that can be implemented by Toko Jakarta Cosmetics to improve business performance in a highly competitive market. By focusing on a combination of online and offline marketing strategies and analyzing internal and external factors, this research contributes valuable insights to the literature on strategic management in the cosmetics sector, particularly within the local Indonesian market.

2. Theoretical Background

Strategy and Its Role in Achieving Organizational Goals

According to Johnson and Scholes (2016), strategy is defined as the direction and scope of an organization over the long term, which achieves benefits for the organization by configuring resources in a challenging environment to meet market needs and satisfy stakeholder expectations. This view aligns with Siagian (2016), who describes strategy as a series of fundamental decisions and actions made by top management and implemented at all levels of the organization in order to achieve organizational goals. Strategy serves as the framework for determining the company's position and how it will compete in the market. It represents the general direction the company intends to take in order to achieve its objectives.

The concept of strategy has evolved significantly over the past few decades. Porter (1980) identifies three generic strategies—differentiation, cost leadership, and focus strategy—which organizations can use to gain a competitive edge. These strategies continue to be relevant as businesses face increasing competition and changing consumer patterns. The speed of innovation and shifts in market demand necessitate core competencies, which companies must identify and leverage to remain competitive.

Sule & Saefullah (2008) and Sedarmayanti (2014) emphasize that for business organizations, strategy is crucial for maintaining sustainability in the face of competition while meeting consumer needs. Strategy also plays a vital role in securing profitability. Assauri (2018) further elaborates that the primary function of strategy is to ensure its effective implementation. The key functions of strategy include:

1. Communicating a clear vision to all stakeholders.
2. Linking organizational strengths to opportunities in the external environment.
3. Leveraging past successes to explore new opportunities.
4. Generating more resources than are currently being used.
5. Coordinating and directing future activities.

6. Responding proactively to future challenges.

Strategic Components and Types of Strategies

Sule & Saefullah (2008) identify three essential components of strategy:

1. Distinctive competence, such as online marketing and payment systems.
2. Scope, which defines the company's market focus and reach.
3. Resource deployment, which refers to the effective use of the company's resources to support its strategy.

Wheelen & Hunger (2012) and Sutojo & Kleinsteinuber (2012) distinguish between three primary types of strategy based on business characteristics:

1. Corporate Strategy: This strategy focuses on broad organizational goals and decisions, such as product development, pricing, market expansion, and financial management.
2. Investment Strategy: Investment strategy focuses on managing investments, including strategies for aggressive growth, market penetration, or restructuring through acquisitions or divestitures.
3. Business Strategy: Often referred to as functional business strategy, this involves the operational strategies within key business functions such as marketing, production, distribution, and financial management.

Business Definition and the Role of Strategy

Business, in its broadest sense, refers to any planned and organized activity aimed at creating and marketing goods or services, whether for profit or not (Suliyanto, 2010). In economic terms, business is an organization engaged in selling goods or services to consumers for profit (Suryatama, 2014). A well-articulated strategy enables a business to effectively navigate competitive pressures, align its resources with market opportunities, and position itself to achieve its financial and operational goals.

Analysis and Importance of Strategy in Business

The role of strategy in business is critical for several reasons. Porter (2008) and Barney (1991) suggest that a clear strategy enables companies to build and sustain a competitive advantage by aligning internal capabilities with external market demands. For example, Kim & Mauborgne (2005) emphasize that companies must adopt innovative strategies, such as the Blue Ocean Strategy, which focuses on creating untapped market spaces and moving away from direct competition.

Moreover, as Teece, Pisano, and Shuen (1997) highlight, companies must develop dynamic capabilities to adapt to changes in their competitive environment. These

capabilities allow businesses to anticipate market shifts and adjust their strategies accordingly, thus maintaining competitiveness in an increasingly volatile landscape.

Rangkuti (2006) notes that the development of a competitive strategy requires a comprehensive understanding of both internal and external factors, allowing businesses to create sustainable competitive advantages and provide products that effectively meet consumer needs. This process is essential for long-term business success, as companies must continuously refine their strategies to align with evolving consumer preferences and market dynamics.

3. Methodology

This study uses strategic management analysis tools involving internal and external factors. Internal factors include the organizational environment within the company, which directly and specifically affects the company's performance (Umar, 2019). Internal factors include: Strengths and Weaknesses. Meanwhile, external factors come from the environment outside the company and include: Opportunities and Threats (Rais & Wahkyudin, 2009).

The study was conducted at the Jakarta Cosmetics Store, which until now has survived amidst fierce competition. The focus of the study was to find strategies to win the competition. Respondents in this study consisted of 10 people, including leaders and employees. The analysis technique used was SWOT analysis, which aims to systematically identify strategic factors (Setyawan, 2015; Nuary, 2016). The results of this analysis are designed to formulate strategies that can optimize strengths and opportunities, while minimizing weaknesses and threats.

The research steps include Identifying strategic factors that influence performance improvement. Analyze these factors using SWOT analysis. The attributes in the questionnaire are obtained from the perceptions of stakeholders and employees, covering aspects of the internal and external conditions of the organization.

4. Empirical Findings/Result

The cosmetics industry continues to grow because beauty products have become an important need for many women. As a result, there are more and more business actors in this field, so that competition is very tight. One of the players in this field is Toko Jakarta Cosmetics, which offers various cosmetic and skin care products. This store has a strategic location and utilizes marketing strategies both online and offline. The online marketing strategy started in 2021, when online sales were trending, while offline marketing has been running since 2017. Seeing the high level of competition, including from Toko Jakarta Cosmetics, an effective marketing strategy is needed to be able to compete in this dynamic cosmetics market.

The data obtained from the research field were analyzed descriptively with SWOT analysis to determine the position of Toko Jakarta Kosmetik and the strategies that

must be taken in order to improve its business performance. This analysis is based on logic that can maximize strengths and opportunities, but simultaneously can minimize weaknesses and threats.

Strength (S): a) The product offered is attractive. b) It is a product that is very much needed. c) Service that provides convenience to consumers. e) Employee loyalty and honesty

Weakness (W): a) Promotional programs are still lacking and not right. b) Not providing discounts or promos at certain events. C) Visitor comfort is lacking

Opportunity (O): a) Community lifestyle patterns and styles. b) Utilizing technology that continues to develop. c) Getting potential new customers

Threats (T): a) New competitors emerge. b) Consumers tend to switch to other cosmetics. c) Sales fluctuate

Strength Factor Analysis: 1. The market share is still very wide open to market its products, this is a strength to gain maximum profit. 2. The product offered is attractive. 3. It is a product that is very much needed. 4. Service that provides convenience to consumers is also one of the strengths. With satisfactory sales service, it becomes a good image for the company. 5. Employee loyalty and honesty are one of the strengths of the company whose employees have a sense of advancing the company.

Weakness Factor Analysis: 1. The promotion program is still lacking and not right, currently the promotion program implemented by the company is no longer right to be implemented. For example, the company works with agents to sell, but the agents cannot sell it according to target. Therefore, the agents do not get profit from the sales and are at risk of bankruptcy. The company has also not utilized advertising media such as: television, and other advertising media, even though through advertising media the product will be known to the public faster. That is what the company must evaluate at this time. 2. Not providing discounts or promos at certain events is one of the company's weaknesses. 3. Visitor comfort has little effect on the continuity of the company because the comfort of the place is a special attraction for visitors.

Opportunity Factor Analysis: 1. The patterns and lifestyles of today's society who want everything instant and fast have a great chance of making this product quite expensive so that the target of this product is reached by the middle to upper class. 2. Utilizing technology that continues to develop makes this an opportunity for the company by utilizing social media as an intermediary for promoting the company's products. 3. Getting new potential customers with repeat purchases and showing the intention to make purchases at another time, can be made as loyal customers. This customer loyalty can also be marked by an attitude, where the customer thinks that the product is more attractive compared to other products. This is an opportunity for the company to be able to offer other products issued by the company. The market share that is still wide open provides an opportunity for the company to improve sales problems. So far the company has never done promotions through print media, electronics to expand its market share, promotions are only done by word of mouth to prospective buyers. With the development of current technology, the company is expected to be able to improve sales profits.

Threat Factor Analysis: 1. The emergence of new competitors will be an obstacle to the smooth running of the business, this requires the company to equip its products with various new innovations, attractive designs and easy to use. 2. The tendency of consumers to switch can be due to consumer reasons for the product so that they decide to switch to another product. Or there is something that influences them so that they switch. This can be anticipated by the company by maintaining good relations with consumers. 3. Sales experience fluctuations in sales data, because the interest of buyers has its time, if the company does not immediately fix and find solutions to problems in the company. Immediately find solutions and make improvements to face these threats. Considering that this product is the company's flagship product, a product that provides the greatest benefit compared to other products owned by the company. The steps of SO, WO, ST, and WT strategies are as follows: SO (Strength-Opportunity) Strategy: In this strategy, by utilizing technology as a means of promotion, providing attractive offers to remain competitive, utilizing potential new customers to buy products, and is a product that is very much needed in sea transportation because Indonesia has very wide waters, and a good image is a strength to create opportunities for improving sales profits to get new potential and loyal consumers to buy the company's products.

WO Strategy (Weakness - Opportunity): In this strategy is to do the right and effective promotion, provide more attractive price promos for consumers, the target consumers are the upper middle class, beautify or renovate buildings to make them more attractive and give a comfortable impression, by giving promo prices or special prices at certain events to attract visitors to buy the products offered.

ST Strategy (Strength - Threat): In this strategy is to reduce the expensive image of the product by improving the existing quality and quality, create new promotional strategies, actively introduce products to potential new customers. By using strengths such as: not many competitors sell similar products, the products offered are attractive, service that provides comfort to consumers, employee loyalty and honesty, is done to minimize threats, such as: the emergence of competitors, new competitors appear, the tendency of consumers to switch, sales fluctuate.

WT Strategy (Weakness - Threat): In this strategy is to do the right promotion, increase consumer satisfaction by optimizing promotions, eliminate the expensive image of the products offered and optimize services to maintain visitor comfort and satisfaction. By using the existing strategic factors, you can find out the strategy that will be implemented in the company later.

5. Discussion

The SWOT analysis of Toko Jakarta Cosmetics highlights its competitive position in the cosmetics industry. The company's strengths, such as attractive and essential products, customer-oriented services, and employee loyalty, align with Barney's (1991) resource-based view, emphasizing the importance of leveraging internal resources to gain a sustainable competitive advantage. Furthermore, these strengths enable the company to build a positive reputation, which is a critical intangible asset

as noted by Fombrun and Van Riel (2004). However, weaknesses like inadequate promotional programs and limited customer comfort reflect gaps in aligning with Porter's (1980, 2008) framework of competitive strategy, where differentiation and customer satisfaction are key to standing out in a crowded market.

Opportunities, including leveraging digital technologies and targeting shifting consumer lifestyles, resonate with Teece et al.'s (1997) concept of dynamic capabilities, which stress the need for adaptability to market changes. Utilizing these opportunities aligns with Grant's (2016) emphasis on integrating strategic innovation and operational efficiency. On the other hand, threats such as emerging competitors and fluctuating sales highlight the significance of proactive innovation and differentiation, as suggested by Kim and Mauborgne's (2005) blue ocean strategy. Additionally, the tendency of consumers to switch brands underscores the importance of fostering customer loyalty, which Cavusgil and Knight (2009) argue is essential for long-term success in globalized markets.

To remain competitive, Toko Jakarta Cosmetics must refine its marketing efforts, enhance customer engagement, and adopt strategic flexibility to navigate the evolving market landscape effectively. This includes implementing targeted promotions, improving physical and digital customer experiences, and capitalizing on technological advancements to create unique value propositions. By addressing its weaknesses and mitigating threats while maximizing strengths and opportunities, the company can secure a stronger position in the dynamic cosmetics market.

6. Conclusions

Toko Jakarta Cosmetics can formulate a company strategy by utilizing its strategic factors. These strategic factors include: strengths such as attractive products and services, services that provide convenience for consumers, employee loyalty, and honesty; and opportunities such as supportive community patterns and lifestyles, utilization of continuously developing technology, good service to satisfy consumers, and opportunities to get potential new customers.

By understanding employee potential, the company can determine the right strategy. Until now, Toko Jakarta Cosmetics has developed employee potential to improve its business performance. Internal and external factors play an important role in influencing company performance. Improvement efforts made include improving SOPs, implementing reward and punishment systems, optimizing SPI for supervision, and innovation in service and improving the quality of human resources. By utilizing existing strengths and opportunities, the company can overcome weaknesses and face emerging threats.

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