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Optimizing Business Strategy through SWOT and QSPM: A Case Study of CV Cita Nasional's Strategic Challenges

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ABSTRACT

The fast-paced evolution of the business world today requires business players to work diligently to maintain their competitive advantage. To enhance a company's competitive edge, strategic business planning is essential. A well-developed business strategy allows a company to achieve the best market position, improve sales performance, and define approaches to gain a competitive advantage. CV Cita Nasional, a company located in Indonesia that manufactures a pasteurized milk, faces business strategy issues, including declining revenue. This study aims to analyze the internal factors using value chain analysis and external factors using PESTEL Analysis, followed by the formulation of business strategies through SWOT Analysis, and the establishment of strategic priorities using QSPM. Data for this research were collected through interviews and questionnaires, with participation from stakeholders including the plan manager, production and quality control managers, administrative and personnel manager, finance and treasury manager, production and quality control supervisors, production process supervisor, and purchasing and warehouse supervisor. The internal factor analysis using value chain analysis revealed 29 strengths and 7 weaknesses, while the external factor analysis using PESTEL identified 11 opportunities and 8 threats. The strategy formulation using the SWOT matrix resulted in 7 alternative strategies, including 2 SO strategies, 2 WO strategies, 2 ST strategies, and 1 WT strategy. The QSPM method was used to prioritize strategies, with Strategy 1 ("Maintaining the stability of current product prices and improving product quality") achieving the highest value.

KEYWORDS

Business Strategy; Value Chain Analysis; PESTEL Analysis; SWOT Analysis; QSPM

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1. Introduction

Economic development plays a crucial role in increasing income and improving societal well-being (Sarfiah et al., 2019). Businesses constantly face various strengths, weaknesses, opportunities, and threats as they compete in an ever-evolving economic landscape. In this context, maintaining a competitive advantage requires strategic business planning, which is essential for securing market dominance, achieving above-average industry performance, and ensuring long-term sustainability. While companies once focused solely on profit, today's business environment demands a strategic mindset across all aspects of operations. Business strategies are essential for securing market dominance, achieving above-average industry performance, and defining approaches to long-term competitiveness. Adaptability to internal and external dynamics is vital for business survival. Companies that fail to adapt risk closure, as seen with Airy Rooms, JD.ID (Dewi, 2023), and Nokia (Rasihan, 2022). While strategic management has been widely explored in various industries, the dairy sector has received less attention in recent literature, particularly with regard to the challenges faced by small-to-medium-sized enterprises (SMEs) like CV Cita Nasional. This gap in research underscores the importance of developing specific strategies for companies operating in this sector, particularly in the face of increasing competition and declining revenue.

CV Cita Nasional, based in Kopeng, Salatiga, Central Java, Indonesia, specializes in processing fresh cow's milk into ready-to-drink packaged milk using pasteurization technology. The company sources high-quality raw milk from selected dairy cows and employs advanced processing techniques to ensure high standards. Established on November 10, 2000, CV Cita Nasional produces two main products: "Susu Murni Nasional", a packaged fresh milk brand, and "Yoghurt Nasional", a yogurt line.

The milk production process begins with receiving fresh milk, which is then mixed with granulated sugar, stabilizers, and cocoa powder before undergoing heating, filtering, homogenization, pasteurization, cooling, and packaging. The company offers four fresh milk flavors: chocolate, strawberry, mocha, and orange. Meanwhile, yogurt production involves heating and homogenizing milk before cooling and packaging. CV Cita Nasional's yogurt is available in five flavors: mango, strawberry, grape, orange, and lychee.

The company distributes its products to major cities in Java and Lampung, including Lampung, Jakarta, West Java, Semarang, Solo, Purwokerto, Yogyakarta, and Surabaya. The target market for its fresh milk spans all age groups, starting from two years old. The distribution process begins at the production facility in Kopeng, Salatiga, where products are sent to regional coordinators in each distribution area. These coordinators then supply the milk to county-level depots, which further distribute it to vendors who sell directly to consumers. The company's average annual fresh milk production stands at 36,533.66 liters.

According to the Central Bureau of Statistics (BPS), Indonesia's total cow's milk production in 2021 was 946,388.17 tons, but it declined to 824,273.20 tons in 2022 before slightly recovering to 837,223.20 tons in 2023. This indicates an increase in milk consumption in 2023. However, projections from the Agricultural Data and Information Center suggest a continued decline in milk production until 2026. As a result, dairy companies are aggressively competing for market share, including CV Cita Nasional. Many dairy brands in Indonesia are launching innovations to expand their market share, making it increasingly challenging for CV Cita Nasional to compete.

This challenge is reflected in the company's financial performance. CV Cita Nasional has experienced a year-on-year revenue decline, with a drop of IDR 880,833,046 in 2022 compared to 2021, followed by another decrease of IDR 211,779,993 in 2023 compared to 2022. The company's market share also declined from 0.07% in 2021 to 0.06% in 2022 and further to 0.05% in 2023. Sales volume also dropped, with 479,125.89 liters sold in 2021, generating IDR 7.73 billion in revenue. In 2022, sales fell to 425,598.13 liters (IDR 6.85 billion in revenue), and in 2023, sales further declined to 411,487.94 liters (IDR 6.64 billion in revenue).

Given these financial setbacks, CV Cita Nasional must reassess its business strategies to ensure survival and expansion amid increasing competition. A thorough evaluation is necessary to improve sales performance and regain market competitiveness. To develop effective business strategies, companies must evaluate internal strengths and weaknesses while identifying external opportunities and threats (Abdelraheem, 2024). This study will employ several strategic analysis methods, including Value Chain Analysis (VCA), PESTEL Analysis, SWOT Analysis, and the Quantitative Strategic Planning Matrix (QSPM).

Value Chain Analysis (VCA) helps businesses understand their competitive advantage by identifying ways to enhance customer value or reduce costs (Yuswita, 2021). This analysis divides company activities into primary and support activities, both of which contribute to value creation. PESTEL Analysis assesses external factors affecting business sustainability, considering Political, Economic, Social, Technological, Environmental, and Legal influences (Istichanah, 2022). SWOT Analysis identifies key business strategies by maximizing strengths and opportunities while minimizing weaknesses and threats (Kumala et al., 2015; Sintawati et al., 2023). The SWOT framework produces four strategic alternatives: Strength-Opportunity (SO), Weakness-Opportunity (WO), Strength-Threat (ST), and Weakness-Threat (WT) (Setyorini et al., 2016). Quantitative Strategic Planning Matrix (QSPM) evaluates alternative strategies derived from SWOT analysis, helping decision-makers prioritize the most effective strategic choices based on internal and external success factors (Wahyuni et al., 2020). QSPM offers a structured approach to strategy formulation, allowing businesses to analyze multiple strategies simultaneously while incorporating relevant decision-making factors (Puspitasari et al., 2013). By leveraging these analytical methods, CV Cita Nasional can formulate a robust strategy to enhance its market position, improve sales performance, and ensure long-term business sustainability.

2. Research Design

This study employs a descriptive analysis approach, as it aims to uncover factual conditions of the research object at the time of the study. The descriptive analysis method is used to provide research output in the form of factual conditions of a problem, public perceptions or attitudes toward a particular situation, comparisons between two or more conditions, relationships between various research variables, and comparisons between existing conditions and their impacts on a given situation. Descriptive analysis is the initial step before conducting further research because it helps researchers identify, structure, and organize data in a more understandable format (Martias, 2021). This study adopts a case study approach to conduct a comprehensive contextual analysis of both internal and external conditions of the company. The goal is to generate alternative business strategies that will enable the company to increase profitability and achieve its targeted market share. The case study focuses on CV Cita Nasional, commonly known as Susu Segar Nasional. To determine the best strategies, this study utilizes VCA, PESTEL Analysis, SWOT Analysis, and QSPM.

2.1. Data collection

This study is conducted at CV Cita Nasional, Semarang, Indonesia. The data collection process spans from May 2024 until all necessary data has been gathered. Data collection is carried out through interviews and questionnaires. A total of 7 respondents participated in this phase, representing different managerial roles within the company. These included the plan manager, production and quality control managers, administrative and personnel manager, finance and treasury manager, production supervisors, quality control and laboratory supervisor, and purchasing and warehouse supervisor. These respondents provided insights into the company's value chain, operational challenges, and the external environment.

1. Interviews

Interviews are conducted in the initial research phase to gain an overview of CV Cita Nasional's business conditions. The interviews target company stakeholders, including key personnel with deep insights into the company's operations. A semi-structured interview approach is used to allow flexibility in questioning, enabling the researcher to explore relevant topics beyond predefined questions. This approach ensures that the collected data remains relevant while allowing for in-depth discussions on strategic business aspects.

2. Questionnaires

Questionnaires serve as the primary tool for collecting structured data, helping to assess internal and external company conditions, strategic weightings, and business strategy formulation. This study utilizes two types of questionnaires:

a. Open-ended questionnaires: Require respondents to provide detailed, written responses based on their perspectives.

b. Closed-ended questionnaires: Contain predefined answer choices, allowing respondents to quickly and effectively select their responses (e.g., Yes/No, Agree/Disagree, multiple-choice).

The questionnaire process is conducted in three stages:

a. First-phase questionnaire: Collects data on the company's internal weaknesses and deficiencies.

b. Second-phase questionnaire: Assigns weights to internal and external factors, which are then used for SWOT analysis calculations.

c. Final questionnaire: Provides weightings for QSPM analysis, enabling the prioritization of business strategy alternatives.

2.2. Data processing

2.2.1. Internal Analysis: Value Chain Analysis VCA

Value Chain Analysis (VCA) has been widely used across various industries since its introduction in 1985 by Porter with the concept of the "Value Chain" for manufacturing companies. VCA is a method for understanding the value chain in the process of creating a product. It is an analytical tool used to gain a deeper understanding of a product's competitive advantage by identifying which activities add value and which do not (Buadit et al., 2023). This analysis helps companies identify ways to increase the value of a product, reduce costs, and understand the relationships between suppliers, customers, and competitors in the same industry (Wisdaningrum, 2013).

Porter's VCA divides company activities into two categories: primary activities and support (secondary) activities (Rivaldy & Dian Sua Pratama, 2023). Every activity that adds value to a product in its production process is a key factor in enhancing competitive advantage over other competitors in the same industry (Nuryadi, 2021). Porter illustrated the value chain concept for all businesses by categorizing company activities into primary activities and support activities (see Figure 1).

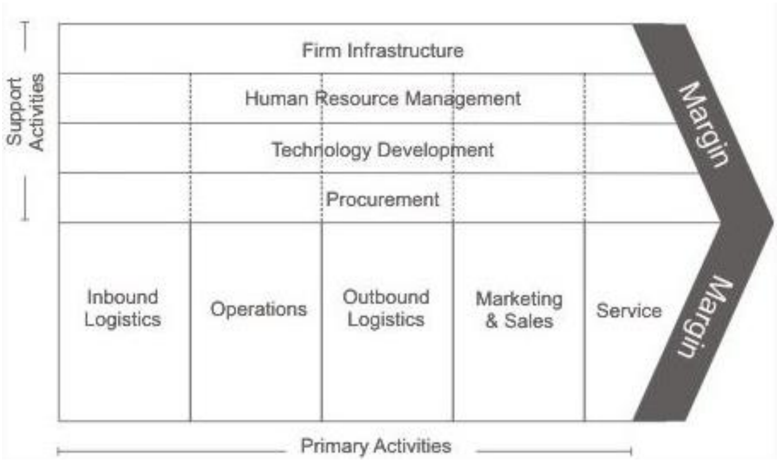

Figure 1. Porter's Value Chain.

1. Primary Activities: directly related to the production of a product or service, such as the production process, marketing, maintenance, and product or service support. The primary activities include:
    a. Inbound Logistics: This process involves receiving, storing, and distributing internal inputs.
    b. Operations: This involves activities that transform inputs into outputs ready for sale to customers.
    c. Outbound Logistics: This is the core process of delivering products or services to customers.
    d. Marketing & Sales: This activity focuses on making the product or service known to the public and influencing customers to purchase it.
    e. Service: This post-production activity involves maintaining the value of products or services provided to customers after purchase.
2. Support activities: designed to support the primary activities. As shown in Figure 1, each support or secondary activity plays a role in enhancing the effectiveness of primary activities. The support activities include:
    a. Procurement (Purchasing): This activity focuses on organizing the company's efforts to obtain resources necessary for its operations.
    b. Human Resource Management: This involves employee development, including recruitment, training, motivation, recognition, and retention.
    c. Technological Development: This activity involves managing information systems to safeguard the company's knowledge base and ensure its survival amidst evolving technology.
    d. Infrastructure: Infrastructure is crucial for supporting all activities within the company and maintaining operational processes such as finance management, legal affairs, administration, and others.

This study selects VCA as the primary internal analysis method due to its effectiveness in identifying areas that enhance competitive advantage (Yuswita, 2021). VCA helps optimize company divisions and processes to improve overall efficiency. By analyzing internal components, businesses can identify key success factors and inefficiencies that impact their long-term viability. VCA enables businesses to:

1. Foster internal collaboration and resource allocation for sustained competitive advantage (Wisdaningrum, 2013).
2. Improve decision-making processes by enhancing information exchange within the organization.
3. Identify value-adding activities while eliminating non-value-adding processes (Crain & Abraham, 2008).

An alternative internal analysis method, VRIO (Value, Rarity, Imitability, Organization), was considered but not selected. VCA was preferred over VRIO as:

1. VRIO focuses on individual resource evaluation, while VCA examines how resources contribute to overall company performance.
2. VRIO does not consider systemic interactions, which limits its applicability in dynamic business environments.
3. Competitive advantages identified by VRIO may erode over time if market conditions change.

2.2.2. External Analysis: PESTEL Analysis

The external environment refers to factors beyond the company's control, some of which can be managed while others cannot. However, these external factors may present both opportunities and threats to the company if not properly anticipated (Angga et al., 2022). Environmental analysis is the process of identifying external conditions that may affect the company's ability to achieve its goals, focusing on both opportunities and challenges (Matovic, 2020). Based on the insights from these experts, it can be concluded that external environment analysis involves assessing external factors to leverage opportunities and minimize threats, ultimately leading to business advancement.

Among the many methods for analyzing the external environment, the most commonly used tool is the PESTEL

Analysis model (Istichanah, 2022). PESTEL stands for Political, Economic, Social, Technological, Environmental, and Legal factors (Sudibya, 1970). PESTEL Analysis is selected as:

1. Provides a comprehensive external environment assessment.
2. Helps identify opportunities and threats that may impact the company.
3. Assesses macro-level factors that influence business operations and strategies.
4. Helps businesses anticipate dynamic industry changes.

Therefore, PESTEL Analysis provides a framework to analyze macro-level environmental factors that impact a company's operations, considering both positive and negative influences.

1. Political: Factors related to government policies, leadership, and regulatory changes. It also includes international policies such as trade regulations, political trends, tax policies, and deregulation.
2. Economic: Factors such as inflation, economic projections, employment growth, labor costs, globalization, and per capita income.
3. Social: Demographic factors such as age, gender, and ethnicity. It focuses on consumer behavior and population trends within the organization's environment.
4. Technological: The impact of technology on updating business systems such as production, distribution, and marketing to enhance product visibility.
5. Legal: Factors related to company policies on safeguarding employees' rights, advertising standards, customer rights, and product legality and safety.
6. Environmental: Factors related to raw material scarcity, pollution, and ethical business practices, which emphasize sustainability and carbon emissions (Istichanah, 2022).

2.2.3. Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) Matrix

The Internal Factor Evaluation (IFE) Matrix contains factors within the company's control (internal environment) to gather information on strengths and weaknesses crucial for the company. Information related to internal factors can be derived from the company's functional areas such as management, human resources, marketing, finance, information systems, and operations. Judgment initiative is an essential aspect of the IFE matrix. On the other hand, the External Factor Evaluation (EFE) Matrix calculates the weight of external environmental factors, including opportunities and threats that affect the company. To construct the EFE matrix, data and analysis of the company's external conditions such as the environment, socio-culture, law, economy, demographics, technology, industry competition, government policies, and other external factors are required. These external factors must be considered since a company cannot operate without external relationships, which directly or indirectly influence the company's performance.

The scores obtained from the analysis represent the company's strategic position and its ability to anticipate threats and capitalize on external opportunities. The total score for both the IFE and EFE matrices ranges from a minimum of 1.0 (Weak) to a maximum of 4.0 (Outstanding). The categories in the IFE and EFE matrices are divided as follows:

1. A weight below 2.0 indicates that the company is weak.
2. A weight between 2.0 and 3.0 indicates that the company has moderate strengths.
3. A weight above 3.0 means the company is in a strong position (Puspitasari et al., 2013).

The steps to calculate the scores through the IFE and EFE matrices are as follows:

1. Group internal and external factors into columns, identifying strengths, weaknesses, opportunities, and threats for the company.
2. Assign a scale from 1.0 to 0.0 based on the importance of each factor in influencing the company's strategic position. (The total weight cannot exceed 1.0).

3. Calculate the rating (column 3) for each factor, using a scale from 4 (Outstanding) to 1 (Poor), based on how the factor influences the company's condition. For internal factors (IFE), ratings are assigned as follows: 1 = Major weakness, 2 = Minor weakness, 3 = Minor strength, and 4 = Major strength. For external factors (EFE), ratings are based on the effectiveness of the company's strategy: 1 = Poor, 2 = Average, 3 = Above average, and 4 = Superior.
4. Multiply the weight in column 2 by the rating in column 3 to get the weighted score in column 4. The resulting score will range from 4.0 (Outstanding) to 1.0 (Poor).
5. Sum the weighted scores in column 4 to get the total score for the company. This provides insights into the company's reaction to internal and external strategic factors.

2.2.4. IE Matrix

The IE Matrix is a tool used to summarize the results of identifying internal and external factors to determine the company's position across nine cells. Each cell represents a condition the company must face. Based on the analysis of internal and external factors, the nine cells will guide the company's business strategy. The positions in the IE Matrix are divided into three categories:

1. Position I, II and IV: Companies in these positions are focused on growth and development.
2. Position III, V and VII: Companies in these positions focus on maintaining and protecting their position.
3. Position VI, VIII and IX: Companies in these positions should consider harvesting and divestment strategies (Sarfin et al., 2021).

2.2.5. Business Strategy Development: SWOT Analysis

SWOT is a method that helps a company formulate appropriate strategies by optimizing strengths while minimizing weaknesses (Rangkuti, 2006). The SWOT method consists of four elements: Strengths, Weaknesses, Opportunities, and Threats. The four elements of the SWOT matrix are divided into four strategies: SO Strategy (Strengths-Opportunities), WO Strategy (Weaknesses-Opportunities), ST Strategy (Strengths-Threats), and WT Strategy (Weaknesses-Threats) (Effendi et al., 2017).

1. SO Strategy is designed to optimize the company's strengths to benefit from external opportunities, enhancing the organization's progress.
2. WO Strategy focuses on leveraging external opportunities to overcome the company's internal weaknesses, making it possible to utilize opportunities that otherwise might be missed.
3. ST Strategy aims to utilize the company's strengths to minimize external threats and ensure the company remains competitive in the industry.
4. WT Strategy is the most undesirable for a company, as it is a defensive strategy that focuses on minimizing internal weaknesses while also addressing external threats. Companies in this situation may struggle for survival, facing mergers, massive layoffs, bankruptcy, or liquidation (Susanty et al., 2017).

2.2.6. Strategy Prioritization: Quantitative Strategic Planning Matrix (QSPM)

The Quantitative Strategic Planning Matrix (QSPM) model is an alternative strategy design tool aimed at formulating alternative business strategies for the company. The alternative strategies are selected based on their attractiveness, also known as attractiveness (Wijayanto, 2016). The QSPM method structures strategies by objectively evaluating alternative strategies. The analysis is based on previously identified internal and external alternatives (Sarfin et al., 2021). QSPM helps decision-makers by:

1. Systematically evaluating internal and external factors.
2. Prioritizing strategies based on measurable criteria (Puspitasari et al., 2013).
3. Providing a structured decision-making approach that incorporates multiple strategic alternatives.

One of QSPM's key strengths is its ability to analyze multiple strategies simultaneously, allowing companies to make informed strategic choices without limitation on the number of evaluated options (Setyorini et al., 2016).

Here are the steps involved in developing the QSPM (Puspitasari et al., 2013):

1. List the internal strengths, weaknesses, external opportunities, and threats of the company on the left side of the QSPM matrix (based on the IFE and EFE matrices).
2. Assign weights to each factor (from 1.0 to 0.0), indicating the importance of each factor in influencing the company's strategic position. The total weight should sum to 1.0.
3. Rate each factor (from 4 = Outstanding to 1 = Poor) based on how the company performs relative to each factor. Internal factors are rated based on strengths and weaknesses, while external factors are rated based on how effectively the company's strategies address them.
4. Multiply the weight by the rating for each factor to get the Total Attractiveness Score (TAS). The higher the TAS, the better the strategy.
5. Sum the TAS for each strategy to determine the total score. The strategy with the highest total score is the best strategic alternative for the company.

3. Results and Discussion

3.1. Results of Internal Analysis

The internal environment is identified using the Value Chain Analysis (VCA) method to analyze production processes involving activities that add value to a product and activities that do not add value to the production process. Data for internal conditions are gathered through structured interviews with company stakeholders. The VCA method divides company activities into two categories: primary activities and support activities. Primary activities include:

1. Inbound Logistics: The activity related to the transfer of raw materials.

This activity involves the process of transferring raw materials from suppliers. The transfer of raw materials is analyzed to determine whether it adds value to the product, including quality assurance, accommodation used to ensure the quality of the raw materials, and other factors. The main raw material for CV Cita Nasional is fresh cow milk, which is sourced directly from nearby farmers, including KUD "Andini," KUD "Cepogo," KUD "Wahyu Agung," KUD "Sidodadi," and others. To maintain product quality, 2-liter samples are taken from the suppliers for laboratory testing. The raw materials undergo tests such as temperature, specific gravity, organoleptic tests (color, smell, taste, viscosity), alcohol test, Resolich acid test, pH test, fat content test, vegetable fat test, sucrose test, Solid Non-Fat (SNF) test, total solid test, and falsification tests. To maintain the quality of the raw milk, CV Cita Nasional uses special tanks to transport the milk from suppliers to the factory, and measuring equipment is calibrated annually for accuracy.

2. Operations: The activities involved in the production process.

This process involves converting raw materials into finished products, commonly known as the production process. CV Cita Nasional divides its product testing into four stages: raw material testing, packaging material testing, semi-finished product testing, and final product testing. The company's production capacity can meet demand, with two pasteurization machines capable of processing 4,000 liters per hour. The production process is certified to meet SNI 01-3951-1995, HACCP (Hazard Analysis Critical Control Point) certification, ISO 9001, and has Halal certification from MUI.

3. Outbound Logistics: The distribution of ready-to-sell products to consumers.

This activity involves distributing the final product to consumers. CV Cita Nasional distributes its products using a door-to-door system. The distribution process starts from the factory in Salatiga, and the products are sent to regional sales coordinators, then to district depots, and finally distributed by “loper” (delivery personnel) who go door-to-door to sell directly to customers. The company relies on approximately 2,500 loper for direct sales to customers. While this strategy helps reach customers, the lack of technology adoption for online sales means the company is at risk of falling behind in the digital age.

4. Marketing & Sales: Activities aimed at promoting and advertising products to increase sales.

This activity aims to promote and make the product known in the market. CV Cita Nasional uses a jingle that is played by loper during sales, which serves as an effective advertising tool. However, the company lacks a digital platform (such as social media) for promoting its products and does not have a mass advertising and promotion program. The products are sold at affordable prices for pasteurized milk, but they are not sold in retail stores or via e-commerce.

5. Services: Activities directly related to customer service, such as call center services that address customer inquiries and complaints.

Service involves handling customer complaints and feedback. Currently, CV Cita Nasional does not have a dedicated customer service hotline for handling complaints. Feedback is typically communicated through the loper, which is a slow process and makes it difficult for the company to efficiently address customer concerns.

Support activities in VCA include:

1. Firm Infrastructure: Activities related to general management, accounting, and finance.

This activity supports the company’s operations in administration, infrastructure, and other areas. CV Cita Nasional has a factory in Salatiga, with annual maintenance of infrastructure and incidental repairs when necessary. The company has a structured, detailed, and transparent administrative system managed by two managers: the Finance & Treasurer Manager and the Administration & Personnel Manager. The company also owns 2 pasteurization machines, 2 cup packaging machines, and 18 mini-pack packaging machines, all of which undergo annual maintenance.

2. Technological Development: Activities focused on product research and development (R&D), process R&D, system development, process design improvement, and equipment design.

Technological development involves improving technology to support business operations. CV Cita Nasional has an automated and computerized pasteurization production system, and its machines are equipped with the latest technology, including Programmable Logic Controller (PLC) technology. However, the company’s product design has not kept up with current trends, making it fall behind competitors in terms of product innovation. Additionally, the company does not use e-commerce platforms for sales.

3. Human Resource Management: Activities related to the company’s workforce, such as recruitment, employee training, competency development, and employee relations.

This activity is related to recruitment, training, employee development, and compensation. CV Cita Nasional conducts annual training for all employees and provides compensation above the minimum wage (UMR), along with holiday bonuses and interest-free loans. The company also provides uniforms for its employees. While the company performs monthly evaluations with stakeholders, there is no career advancement program for workers.

4. Procurement: Activities related to the purchase and procurement of raw materials.

This activity involves the procurement of raw materials. CV Cita Nasional has a computerized procurement system, ensuring the procurement of high-quality raw materials. The company conducts annual evaluations with suppliers to maintain good relationships and has an SOP for selecting new suppliers.

The data collected through the VCA comes from interviews with the company's stakeholders: Plan Manager, Production, and QC Manager. Table 1 shows the identification of internal factors using the VCA method.

Table 1. Results of VCA.

Activity	Description
Support activities:	
• Firm infrastructure	• Structured, detailed, and transparent administration system. • Two pasteurization machines, two cup packaging machines, and 18 mini-pack packaging machines. • Regular maintenance of machines (daily, weekly, monthly, annually). • Building infrastructure maintained annually.
• Technological development	• Computerized and automated pasteurization production system. • Product design lacks innovation to keep up with market trends. • Use of the latest technology in machines. • Production machines use PLC (Programmable Logic Controller) technology.
• Human resource management	• Regular monthly evaluations with company stakeholders. • Annual employee training to improve workforce competencies. • Compensation above minimum wage (UMR), including holiday bonuses and interest-free loans. • Company provides employee uniforms. • No career advancement for factory workers.
• Procurement	• SOP for computerized procurement process. • High-quality raw materials with guaranteed quality. • Annual evaluations with suppliers to maintain good relationships. • SOP for selecting new suppliers.
Primary activities	
• Inbound logistics	• Supplier locations close to the factory. • Delivery of raw materials using tanks that maintain the quality of milk. • Calibration of raw material measurement tools annually.
• Operations	• Varied product sizes. • Production capacity meets supplier demand. • Certifications: HACCP (Hazard Analysis Critical Control Point), ISO 9001, and Halal certification from MUI. • Quality control for raw materials, packaging materials, semi-finished goods, and final products.
• Outbound logistics	• Distribution using the company's own fleet. • Delivery delays due to unreliable road conditions.
• Marketing & Sales	• Use of a product jingle to raise consumer awareness. • Lack of social media use for advertising. • Marketing areas cover Java Island and Lampung. • No formal advertising and promotion programs. • Affordable prices for pasteurized milk products. • No e-commerce platform for product sales. • Door-to-door sales system with approximately 2,500 distributors delivering products to consumers.
• Service	• No customer support hotline for handling complaints.

3.2. Results of External Analysis

The external environment will be identified using the PESTEL Analysis method. This method involves analyzing six external factors that will be further elaborated to identify opportunities and threats for the company.

The PESTEL variables include Politics, Economics, Social, Technology, Environment, and Law. The data collection process for identifying external factors using the PESTEL method will be conducted through structured interviews with the company's stakeholders.

1. Political Factors in the PESTEL analysis focus on how the political conditions in the external environment affect the company's operations.

The political aspect impacting CV Cita Nasional is the government policy on raw material standardization to ensure that the milk produced by farmers (suppliers) is of good quality for packaging into milk products. To maintain the quality of cow milk, the government implemented a policy to standardize raw materials and cow milk products, which was established in 1998 and is reviewed and developed at least every five years. The standardization governing fresh milk is SNI 01-3141-1998 (Miskiyah, 2011). Another political opportunity is the free breakfast program introduced by the elected President of Indonesia (2024-2029). This program, which will be implemented throughout Indonesia, offers milk as one of the breakfast menu items.

2. Economic Factors include inflation, economic growth, the rate of unemployment, and per capita income. These factors determine the economic environment in which the company operates and can influence demand for products and services.

CV Cita Nasional faces an economic threat as inflation continues to rise, which causes the price of raw materials to increase and subsequently raises the selling price of its products. Inflation increased by 0.01% from 2023 to 2024. The highest increase occurred in March 2024, rising by 0.3% from February (Bank Indonesia, 2024). This inflation spike leads to economic instability and discourages investors, compounded by the fact that the company is family-owned. Additionally, family-owned businesses tend to have weaker governance structures due to ineffective internal governance systems (Setianto & Sari, 2017), further increasing external threats. Another economic threat is the growing demand for packaged milk, leading to more competitors in the market. This growing demand is driven by the economic growth of the country, which creates an opportunity for CV Cita Nasional, as economic growth can positively affect sales performance. Indonesia's economy showed strong growth in Q3, at 4.94% (Bank Indonesia, 2024).

3. Social Factors are related to consumer behavior, focusing on demographic factors such as age, gender, race, and ethnicity. These factors help to identify trends in consumer needs and preferences.

A major social opportunity for CV Cita Nasional is the increasing awareness of the public regarding health and the nutritional value of pasteurized milk, which is perceived as better than other types of milk. However, the faster population growth compared to economic growth poses a threat, as this could lead to more dispersed purchasing power, thus lowering the exchange rate, which could ultimately affect product prices. Indonesia's population growth rate is projected to be 1.11% in 2024

4. Technological Factors pertain to technological advancements and how these developments affect production processes and product innovation within the company.

This technological development represents an opportunity for CV Cita Nasional, as the company can modernize its systems and operations to adapt to technological changes. However, technological advancement also represents a threat to the company, as competitors with superior technology may outpace the company, leaving it behind in technology adoption.

5. Environmental Factors address how the company can operate ethically by considering sustainability and the environmental impact of its activities. This includes the company's commitment to green practices, pollution management, and resource usage.

The environmental aspect presents a threat to CV Cita Nasional due to climate change, which affects production and product sales. Pasteurized milk sales are more profitable when the climate is in the summer, but during the rainy season, fresh milk production and sales may be hindered as the milk needs to be stored at cold temperatures.

An opportunity in the environmental aspect is the government's sustainability program, which aims to preserve the environment and empower communities. Additionally, CV Cita Nasional processes its waste sustainably to avoid environmental pollution. The government, through Law No. 5 of 1984, has mandated policies to prevent environmental damage and pollution, which are detailed in Article 21 of the Industrial Law. This article explains that every industrial company must maintain the balance and sustainability of natural resources used in its processes and take preventive measures against environmental damage and pollution.

6. Legal Factors involve the laws and regulations governing the company's operations. This includes labor laws, product standards, product safety regulations, and laws ensuring customer rights and legal protections.

A legal opportunity for CV Cita Nasional is the policy on freedom of export and import of raw materials set by the Ministry of Agriculture. According to Permendag RI No. 29 of 2019, the government has set rules for the export and import of livestock and livestock products, including cow milk. This policy allows the company to freely choose the raw materials it uses for production. Furthermore, the standardization of pasteurized milk products by the government, which CV Cita Nasional has met, is a significant opportunity. The standard for pasteurized milk is regulated under SNI 01-3951-1995 (Miskiyah, 2011). Another legal opportunity is the labor policy, including wages, which the company implements to ensure employee welfare.

Data collection for the PESTEL Analysis method was done through structured interviews with company stakeholders: Plan Manager, Production, and QC Manager. Table 2 shows the results of identifying the company's external factors using the PESTEL Analysis method.

Table 2. Results of PESTEL Analysis.

Factors	Description
• Politics	• Free meal program by the elected President of Indonesia. • Policy of standardizing raw materials for suppliers to improve the quality of raw materials.
• Economy	• Increasing inflation rate affecting raw material and selling prices. • Rising costs of raw materials. • No investors entering due to the family ownership structure. • Increasing competition in the packaged milk industry. • Economic growth affecting sales performance.
• Social	• Growing awareness of health and nutritional content in milk among the public. • Competitors with large investors dominate the packaged milk market. • Population growth outpacing economic growth. • Pasteurized milk products offer better nutrition for consumers.
• Technology	• Rapid technological advancements. • Competitors have superior technology.
• Environment	• Climate change impacting production and sales. • Government sustainability programs to preserve the environment and empower communities. • Waste processed independently and sustainably.
• Legal	• Policies on the freedom of export and import of raw materials by the Ministry of Agriculture. • Standardization of pasteurized milk products by the government. • Salary policies and government programs aimed at employee welfare.

3.3. Results of IE Matrix

After compiling all the internal and external factors, the next step is to perform weighting using a questionnaire to be filled out by the company's stakeholders, including the Plan Manager, Manager of Production & QC, Manager of Administration & Personnel, Finance & Treasurer Manager, Supervisor of QC & Laboratory, Supervisor of Production Process, and Supervisor of Purchasing & Warehouse.

Weighting for each internal and external factor will be assigned a scale from 1 to 4, ranging from "strongly disagree" to "strongly agree" by each respondent. The weights assigned by the respondents will be calculated by dividing the total weight given by each respondent by the total weight of the internal factors (strengths and weaknesses). This same method will be used to calculate the weight of external factors. To calculate the rating, the total weight of internal or external factors is divided by the total number of respondents for the internal and external factor weighting. The total weight must equal 1. Meanwhile, the score is the result of multiplying the weight by the rating.

Table 3 shows the results of the Internal Factor Evaluation (IFE) Matrix calculation for internal factors, resulting in a total score of 3.170, which indicates a strong internal position for the company. The evaluation identified 10 score groups based on 29 internal factors of the company, illustrating its strengths and weaknesses. Among the key strengths, the Halal certification from MUI was rated the highest, with a score of 0.143. This certification is significant because consumers are increasingly selective about the products they choose to consume, and Halal certification provides a competitive edge in attracting customers. The second strength, with a score of 0.123, is the company's guaranteed quality of raw materials, supported by certifications such as Hazard Analysis Critical Control Point (HACCP) and ISO 9001. These certifications are essential as product quality remains a top priority for consumers, and they help ensure that the milk used in production is of high quality. Another important strength, with a score of 0.114, includes the company's production capacity, which is supported by 2 pasteurization machines, 2 cup packaging machines, and 18 mini-pack packaging machines. Furthermore, SOPs for procurement and raw material delivery using tanks that preserve the quality of milk are also key strengths, as is the company's established market presence in Java and Lampung.

Table 3. IFE Matrix.

Factors	Weight	Rating	Score
Strengths			
• Structured, detailed, and transparent administration system.	0.027	3.000	0.080
• Two pasteurization machines, two cup packaging machines, and 18 mini-pack packaging machines.	0.032	3.571	0.114
• Regular maintenance of machines (daily, weekly, monthly, annually).	0.026	2.857	0.073
• Building infrastructure maintained annually.	0.018	2.000	0.036
• Computerized and automated pasteurization production system.	0.029	3.286	0.096
• Use of the latest technology in machines.	0.028	3.143	0.088
• Production machines use PLC (Programmable Logic Controller) technology.	0.026	2.857	0.073
• Regular monthly evaluations with company stakeholders.	0.026	2.857	0.073
• Annual employee training to improve workforce competencies.	0.031	3.429	0.105
• Compensation above minimum wage (UMR), including holiday bonuses and interest-free loans.	0.028	3.143	0.088
• Company provides employee uniforms.	0.028	3.143	0.088
• SOP for computerized procurement process.	0.032	3.571	0.114
• High-quality raw materials with guaranteed quality.	0.033	3.714	0.123
• Annual evaluations with suppliers to maintain good relationships.	0.024	2.714	0.066
• SOP for selecting new suppliers.	0.032	3.571	0.114

Factors	Weight	Rating	Score
• Supplier locations close to the factory.	0.024	2.714	0.066
• Delivery of raw materials using tanks that maintain the quality of milk.	0.032	3.571	0.114
• Calibration of raw material measurement tools annually.	0.029	3.286	0.096
• Varied product sizes.	0.031	3.429	0.105
• Production capacity meets supplier demand.	0.027	3.000	0.080
• Certifications: HACCP (Hazard Analysis Critical Control Point), ISO 9001	0.033	3.714	0.123
• Certifications: Halal certification from MUI.	0.036	4.000	0.143
• Quality control for raw materials, packaging materials, semi-finished goods, and final products.	0.029	3.286	0.096
• Door-to-door sales system	0.026	2.857	0.073
• Approximately having 2,500 distributors delivering products to consumers.	0.024	2.714	0.066
• Use of a product jingle to raise consumer awareness.	0.031	3.429	0.105
• Marketing areas cover Java Island and Lampung.	0.032	3.571	0.114
• Affordable prices for pasteurized milk products.	0.028	3.143	0.088
• Distribution using the company's own fleet.	0.027	3.000	0.080
Weaknesses			
• Product design lacks innovation to keep up with market trends.	0.024	2.714	0.066
• No e-commerce platform for product sales.	0.024	2.714	0.066
• No career advancement for factory workers.	0.024	2.714	0.066
• Lack of social media use for advertising.	0.028	3.143	0.088
• No formal advertising and promotion programs.	0.029	3.286	0.096
• No customer support hotline for handling complaints	0.024	2.714	0.066
• Delivery delays due to unreliable road conditions.	0.019	2.143	0.041
Total Score			3.170

Additional strengths, with scores ranging from 0.105 to 0.080, include annual employee training to enhance competencies, the provision of varied product sizes to meet customer preferences, and the use of a jingle for brand recognition. The company's computerized pasteurization system, annual calibration of milk measurement tools, and quality control throughout production further enhance product consistency. The use of the latest technology in machines and the provision of employee benefits such as compensation above the minimum wage (UMR), holiday bonuses, and interest-free loans also contribute to its internal strengths. Moreover, the company's well-structured administrative system, production capacity that meets supplier demand, and the use of its own fleet for distribution are crucial for operational efficiency. The maintenance of production machines using Programmable Logic Controller (PLC) technology, coupled with monthly evaluations with company stakeholders, further strengthens the company's operations.

On the other hand, the internal weaknesses of the company were also identified in the IFE Matrix. The highest-rated weakness, with a score of 0.096, is the lack of advertising and promotional programs, which is a significant issue since advertising is essential for expanding market reach and increasing product visibility. The second most critical weakness, with a score of 0.088, is the failure to leverage social media for marketing, which limits the company's ability to effectively promote its products in the digital age. Further weaknesses, with a score of 0.066, include the lack of product innovation, absence of e-commerce platforms for sales, no career advancement opportunities for factory workers, and the absence of a customer service hotline to handle customer complaints. Lastly, the lowest-rated weakness, with a score of 0.041, is the unpredictable road conditions, which occasionally cause delivery delays, affecting customer satisfaction.

Table 4 shows the results of the External Factor Evaluation (EFE) Matrix calculation for external factors, resulting in a total score of 2.767. The external factor evaluation for CV Cita Nasional indicates that the company's response to the external environment is in a moderate position. The external factors that present opportunities for the company are divided into 11 factors, grouped into 7 sections, based on their respective scores. The factor with the highest score is pasteurized milk offering better nutrition for consumers, with a score of 0.230. This is the strongest external factor because it is widely acknowledged that pasteurized milk retains better nutritional value. The pasteurization process eliminates harmful bacteria while preserving beneficial bacteria, contributing to the superior nutritional content of pasteurized milk.

Table 4. EFE Matrix.

Factors	Weight	Rating	Score
Opportunities			
• Free meal program by the elected President of Indonesia.	0.028	1.429	0.040
• Policy of standardizing raw materials for suppliers to improve the quality of raw materials.	0.056	2.857	0.160
• Economic growth affecting sales performance	0.042	2.143	0.090
• Growing awareness of health and nutritional content in milk among the public.	0.061	3.143	0.193
• Pasteurized milk products offer better nutrition for consumers.	0.067	3.429	0.230
• Rapid technological advancements.	0.056	2.857	0.160
• Government sustainability programs to preserve the environment and empower communities.	0.053	2.714	0.144
• Waste processed independently and sustainably.	0.059	3.000	0.176
• Policies on the freedom of export and import of raw materials by the Ministry of Agriculture.	0.042	2.143	0.090
• Standardization of pasteurized milk products by the government.	0.059	3.000	0.176
• Salary policies and government programs aimed at employee welfare.	0.056	2.857	0.160
Threats			
• Increasing inflation rate affecting raw material and selling prices.	0.061	3.143	0.193
• Rising costs of raw materials.	0.061	3.143	0.193
• No investors entering due to the family ownership structure.	0.053	2.714	0.144
• Increasing competition in the packaged milk industry.	0.050	2.571	0.129
• Competitors with large investors dominate the packaged milk market.	0.047	2.429	0.115
• Population growth outpacing economic growth.	0.053	2.714	0.144
• Competitors have superior technology	0.047	2.429	0.115
• Climate change impacting production and sales.	0.047	2.429	0.115
Total Score			2.767

The second-highest scoring external factor, with a score of 0.193, is the growing public awareness of health and the nutritional content of milk. This factor represents an opportunity as consumers are increasingly conscious of the nutritional benefits of milk. The third-highest external opportunity, with a score of 0.160, includes two factors: the processing of waste independently and sustainably and the standardization of pasteurized milk products by the government. These factors are essential as sustainability practices and product standardization ensure the quality and reputation of milk in the market.

The fourth-highest external opportunity, with a score of 0.144, includes three factors: government policy on raw material standards for suppliers to improve the quality of raw materials, rapid technological advancements, and wage policies and government programs aimed at employee welfare. The government sustainability program to preserve nature and empower local communities is also an opportunity, with a score of 0.144.

The sixth external opportunity, with a score of 0.090, includes two factors: economic growth affecting sales performance and the government policy on the freedom of export and import of raw materials by the Ministry of Agriculture. The final external opportunity is the free breakfast program introduced by the elected President of Indonesia, which has a score of 0.040. This program will provide milk as part of the breakfast menu, offering an opportunity for the company to increase product visibility.

In terms of external threats, CV Cita Nasional faces 8 factors, with the highest scoring threats having a score of 0.193. Two significant threats in this category include the rising inflation rate that impacts both raw material prices and the selling price of products, and the rising costs of raw materials. Both factors present a serious threat to the company as inflation directly affects production costs, from raw material procurement to the final product, forcing the company to raise its prices.

The second-highest external threat, with a score of 0.144, includes the lack of external investors due to the company being family-owned, and population growth exceeding economic growth, which leads to more distributed purchasing power, potentially lowering the value of money and affecting product prices.

The third-highest threat, with a score of 0.129, is the growing number of competitors in the packaged milk industry, as increasing demand for milk attracts new market entrants. The final set of threats, each with a score of 0.115, includes factors such as competitors with large investors dominating the market, superior technology among competitors, and climate change, which impacts production and product sales.

The internal and external factors analyzed using the IFE and EFE matrices will be summarized in the IE Matrix for better clarity and understanding, facilitating the selection of strategic alternatives to address the company's business challenges. Insights into the company's internal and external conditions will help develop a strategy that capitalizes on its internal strengths and external opportunities. Determining the company's position using the IE Matrix is essential for identifying alternative strategies that will enable the company to adapt and thrive in the increasingly competitive market, particularly within the packaged milk industry, with a focus on pasteurized milk.

The total score of 3.179 in the IFE Matrix indicates that the company is in a strong internal position. In contrast, the total score of 2.767 in the EFE Matrix suggests that the company is in a moderate position in responding to both opportunities and threats in the external environment.

Combining the total scores from both matrices places the company in Quadrant IV of the IE Matrix, where the recommended strategy is typically to grow and build (see Figure 2). Specifically, the company should consider intensive strategies (market penetration, market development, and product development) or integration strategies (backward integration, forward integration, and horizontal integration). The IE Matrix provides a general strategy framework, which serves as a guideline for formulating more detailed and tactical strategies. Therefore, the IE Matrix strategy analysis should be complemented with methods capable of developing concrete strategies to address the company's current business challenges.

For CV Cita Nasional, which is internally strong but still optimizing its response to external factors, the most appropriate strategies include market penetration, market development, product development, and backward integration. The execution of these strategies, derived from the IE Matrix, will be further refined and detailed through the SWOT Matrix. The SWOT Matrix will provide a deeper analysis to shape more specific strategies based on the insights gained from the IE Matrix.

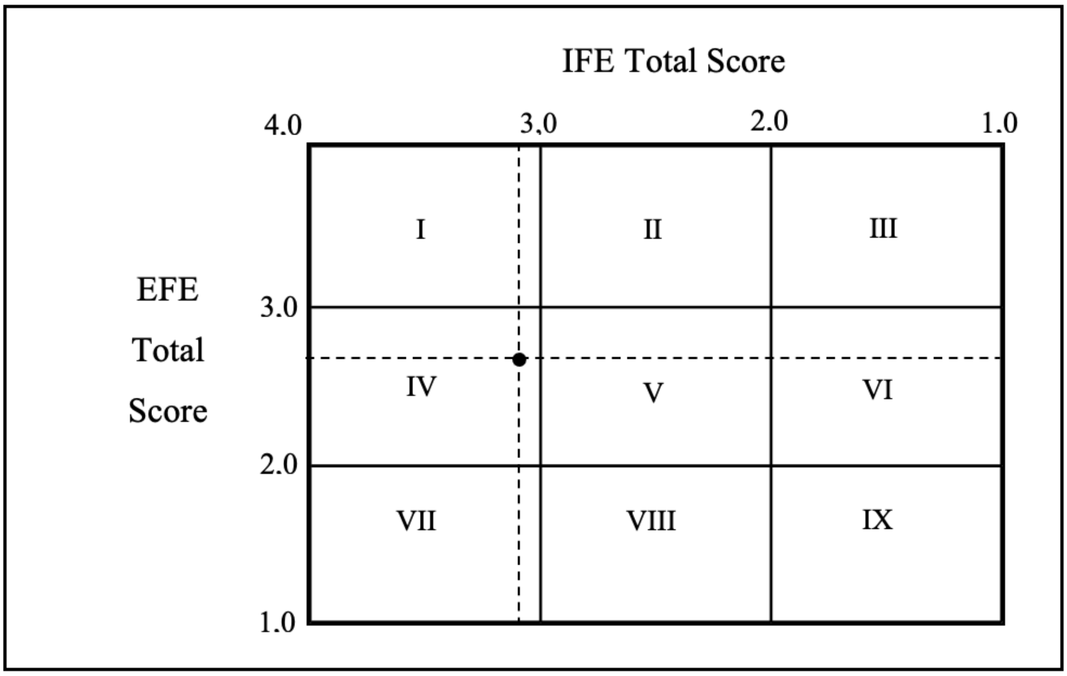

Figure 2. IE matrix.

3.4. Derived Strategies

The next step in addressing the business strategy issues is the formulation of the strategy that will be selected to resolve the company's problems related to its business strategy. The method used to formulate the strategy, based on the internal and external factors previously summarized, is the SWOT Matrix. The SWOT Matrix is a systematic analytical tool for evaluating the strengths and weaknesses of the company's internal conditions, as well as the opportunities and threats from its external environment. The strategies derived from the SWOT Matrix will then be validated by the company's stakeholders, who, as experts, will assess whether the proposed strategies are realistic and feasible for the company to implement in order to address its business challenges. The SWOT Matrix analysis combines the company's internal conditions with the external factors summarized in the IFE and EFE matrices.

The strategy formulation, analyzed using the SWOT Matrix, results in the strategies that the company will select for development to improve its business performance. Table 5 is the summary table of the SO, WO, ST, and WT strategies derived from the SWOT Matrix.

Table 5. Results of Strategies.

Strategy	Description
SO1	Maintain the stability of current product prices while enhancing product quality.
SO2	Expand market reach to improve the company's sales performance.
WO1	Increase promotional and advertising activities through digital platforms to raise product awareness in a wider market.
WO2	Introduce a sustainable career development program for factory workers.
ST1	Innovate products by aligning them with current market trends.
ST2	Foster strong relationships with suppliers to ensure a mutually beneficial partnership.
WT1	Conduct in-depth market research to retain customers and prevent them from switching to competitors' products.

The SO (Strengths-Opportunities) strategy leverages external opportunities by utilizing the company's internal strengths. In the SWOT analysis, two SO strategies have been formulated. The first strategy is to maintain the stability of product prices while improving product quality. CV Cita Nasional, which produces pasteurized milk under the brand name Susu Segar Nasional, has already captured the market's attention with its affordable pricing. This advantage needs to be preserved by ensuring the stability of product prices. Additionally, the quality of the product should be consistently maintained by enhancing quality control from raw material testing to finished products. This strategy aligns with product development in the IE matrix, as ensuring price stability and improving quality requires the development of the product itself (Ernawati et al., 2021). The second SO strategy is to expand market reach to improve the company's sales performance. As mentioned in the problem statement, CV Cita Nasional has experienced declining sales performance due to its limited marketing reach, mainly in certain regions of Java and Lampung. Expanding market coverage is crucial to accessing a broader consumer base, which would positively impact the company's sales performance. This strategy fits under market development in the IE matrix, addressing the challenge of limited market coverage.

The WO (Weaknesses-Opportunities) strategy aims to reduce internal weaknesses by leveraging external opportunities. Based on the weaknesses and external opportunities identified, two WO strategies are formulated. The first strategy is to increase promotional and advertising activities through digital platforms to make the product more recognizable in the market. A significant weakness for the company is the lack of advertising and promotional activities, which has hindered market exposure. Thus, it is crucial to invest in advertising and promotion using current technological advancements to reach a wider audience. This strategy falls under market penetration, as it addresses the weakness of insufficient promotion and advertising, which negatively impacts the company's sales performance (Goeyardi et al., 2022). The second WO strategy is to introduce a sustainable career development program for factory workers. CV Cita Nasional lacks a clear career advancement program for its factory workers, which can affect employee morale and loyalty. Implementing a career development program would help improve employee engagement and retention.

The ST strategy (Strengths-Threats) focuses on minimizing external threats by utilizing internal strengths. Based on the strengths and threats identified, two ST strategies are proposed. The first strategy is to innovate the product to align with current market trends. Many new competitors have entered the market, attracting customers with products that cater to trending preferences, such as offering a wider variety of flavors. To stay competitive, CV Cita Nasional should innovate by adding new flavor variants and redesigning the product packaging. This strategy aligns with product development, as maintaining consumer interest requires the company to stay attuned to trends and continually innovate its product offerings (Amalia et al., 2023). The second ST strategy is to maintain strong relationships with suppliers to ensure mutual benefits. CV Cita Nasional works with five primary suppliers of cow milk, including KUD Andini Luhur, KUD Cepogo, KUD Getasan, KUD Boyolali Kota, and Capita Farm. While the company does not mandate a specific quantity from suppliers, it relies on daily deliveries of high-quality milk. This strategy aligns with backward integration, where enhancing control over the supply chain and maintaining strong relationships with suppliers are crucial for long-term success (Widharta et al., 2013). It is important to foster a mutually beneficial relationship between the company and its suppliers.

The WT (Weaknesses-Threats) strategy focuses on minimizing internal weaknesses while addressing external threats that cannot be controlled by the company. The proposed WT strategy is to conduct in-depth market research to ensure the company retains its customers and prevents them from switching to competitors. This strategy is crucial for understanding the market position of the company's product and adapting to competitors with superior capabilities. This strategy is classified under product development in the IE matrix, as it involves researching consumer needs to ensure the product remains relevant in the competitive market (Ernawati et al., 2021). By conducting thorough market research, CV Cita Nasional can better understand customer preferences and safeguard its market share against growing competition.

After the strategic alternatives are formulated using the SWOT Matrix and several strategies have been identified, the next step is to prioritize these strategies using the QSPM (Quantitative Strategic Planning Matrix) method. The QSPM is a method for selecting priorities by assessing the Attractive Score (AS) of each strategy, based on the internal factors (strengths and weaknesses) and external factors (opportunities and threats) analyzed in the SWOT Matrix. The AS indicates how each internal and external factor influences the selected strategic alternatives. If a factor impacts a particular strategy, it is assigned a value for AS. Conversely, if it does not influence the strategy, it is not assigned an AS value.

Data collection for the QSPM is done through a questionnaire, which will be completed by company stakeholders, including the Plan Manager, Manager of Production & QC, Manager of Administration & Personnel, Finance Manager & Treasurer, Supervisor of QC & Laboratory, Supervisor of Production Processes, and Supervisor of Purchasing & Warehouse. Each strategic alternative was then scored on a scale of 1 to 4 (1 being the least attractive and 4 being the most attractive) for each criterion. The weighted average of these scores resulted in the Total Attractiveness Score (TAS) for each alternative. TAS represents the total attractiveness of each strategic alternative. The TAS is calculated by multiplying the weight obtained from the IFE and EFE matrices by the AS from the QSPM questionnaire. The strategy with the highest TAS indicates the top priority strategy to be implemented. Table 6 summarizes the QSPM result.

Table 6. Results of QSPM.

Strategy	TAS
SO1	5.979
SO2	4.610
WO1	4.361
WO2	3.949
ST1	4.493
ST2	4.701
WT1	4.706

The strategy with the highest TAS is considered the priority for the company to implement. According to the QSPM calculations (see Table 6), the strategy with the highest TAS is Strategy 1, which focuses on "maintaining the stability of current product prices while improving product quality," with a TAS of 5.979. Price is a crucial factor for customers in choosing products, as it directly influences purchasing decisions. Additionally, product quality is essential in ensuring the product is recognized by consumers. To maintain price stability, the company needs to regularly analyze the market and compare its product with others to ensure the current price aligns with the product's quality (Maharani & Alam, 2022).

The second priority strategy is Strategy 7, "conducting deeper market research to retain customers and prevent them from switching to competitors' products," with a TAS of 4.706. Effective market research requires valuable information management, starting with internal insights followed by external data, which can be obtained from various sources that provide up-to-date market conditions (Nuralam et al., 2023).

The third priority strategy, with a TAS of 4.701, is Strategy 6, "maintaining strong relationships with suppliers to create a mutually beneficial partnership." According to Porter's Five Forces model, one key aspect of industry competition is the Bargaining Power of Suppliers. Maintaining strong supplier relationships ensures that suppliers do not become a threat to the company. To strengthen this partnership, maintaining regular communication and yearly evaluations with suppliers is crucial (Shulhan et al., 2023; Hintoro et al., 2021).

The fourth priority strategy is Strategy 2, "expanding market reach to improve company sales performance," with a TAS of 4.610. Expanding market coverage requires identifying geographically potential regions for new market expansion.

Strategy 5, "innovating products to align with current market trends," ranks fifth with a TAS of 4.493. Product innovation is essential for staying competitive, as market trends evolve over time. In product development, analyzing competitors and conducting customer research are crucial steps to ensure the product aligns with market demands (Shulhan et al., 2023).

The sixth priority strategy, with a TAS of 4.361, is Strategy 3, "increasing promotional and advertising activities through digital platforms to broaden market recognition." The rapid technological advancements have introduced new digital platforms for advertising and promotion, and the company should leverage these platforms to reach a wider audience. To maximize impact, the company should select the most suitable platforms and develop clear standard operating procedures (SOPs) for digital marketing (Oktaviani et al., 2018).

Finally, Strategy 4, "introducing a sustainable career development program for factory workers," holds the lowest priority, with a TAS of 3.949. Career sustainability for workers fosters motivation and creates a productive work environment. Establishing transparent career development pathways and providing opportunities for employees to grow within the company are crucial for enhancing work culture and overall employee satisfaction (Annisa et al., 2024).

3.5. Discussion

The strategic challenges faced by CV Cita Nasional, particularly declining revenue and the need for strategic repositioning, are not unique to the company. Many dairy firms in Indonesia and Southeast Asia encounter similar obstacles, especially in the face of increasing competition. The Indonesian dairy industry, for instance, has witnessed the entry of larger multinational companies and the rise of local production, both of which have intensified competition. Companies such as Indofood and FrieslandCampina have leveraged economies of scale and advanced distribution channels to expand their market share, which puts significant pressure on smaller players like CV Cita Nasional. Comparing CV Cita Nasional's strategies with those of these larger firms reveals both similarities and differences. Larger dairy companies in the region tend to adopt aggressive pricing strategies and focus heavily on product diversification to maintain their market dominance. In contrast, CV Cita Nasional's strategic response is more centered on improving internal efficiencies, stabilizing product prices, and enhancing product quality, which positions the company to compete on a more localized and sustainable basis.

Furthermore, the strategic issues identified at CV Cita Nasional, such as limited product innovation and insufficient marketing efforts, are common challenges across the regional dairy industry. A 2023 study on dairy firms in Southeast Asia highlights how Lactalis, a major player, faced similar struggles in maintaining a competitive advantage due to stagnant innovation. However, Lactalis managed to regain its position by leveraging global brand recognition and rebranding strategies. CV Cita Nasional, in contrast, may benefit from considering similar strategic approaches in marketing and brand development as part of its long-term growth strategy.

The strategies developed through the SWOT and QSPM analyses have been further evaluated within the framework of the IE Matrix. This framework categorizes strategic positions based on the company's internal strengths and weaknesses, as well as its external opportunities and threats. Strategy 1, which focuses on maintaining the stability of current product prices and improving product quality, aligns with the "Grow and Build" quadrant of the IE Matrix. This strategy capitalizes on CV Cita Nasional's internal strength in production efficiency, while also addressing the growing demand for high-quality dairy products in the Southeast Asian market. On the other hand, Strategy 2, expanding into new markets, places CV Cita Nasional in the "Hold and Maintain" quadrant. While this strategy presents an opportunity for growth, the company's limited marketing reach and brand recognition may pose challenges in the short term. Strategy 3, diversifying product offerings, would be placed in the "Harvest or Exit" quadrant, indicating a more cautious approach given the company's internal capabilities and current market conditions. Finally, Strategy 4, focusing on optimizing operational efficiencies and cost reduction, aligns with the "Consolidate" quadrant. This strategy is aimed at improving profit margins by leveraging existing internal efficiencies and solidifying the company's position in the market.

The findings of this study, while specific to CV Cita Nasional, have broader applicability to other small-to-medium dairy producers in Southeast Asia. The strategic issues faced by CV Cita Nasional—such as declining revenue, increased competition, and the need for innovation—are common across the region. The strategies suggested in this study, particularly focusing on improving internal efficiencies, stabilizing prices, and enhancing product quality, align with regional trends observed in similar firms. For instance, smaller dairy producers in the Philippines have also emphasized strengthening brand loyalty and improving product quality to differentiate themselves from larger multinational firms. Similarly, Indonesian dairy producers could benefit from a strategy of differentiation, where quality improvements, rather than price competition, are emphasized as the key to maintaining market share amidst growing competition.

4. Conclusion and Limitations of the Research

Based on the research conducted on the business strategy formulation of CV Cita Nasional, the following conclusions can be drawn:

1. The Value Chain Analysis (VCA) method, used to identify internal factors, resulted in 36 factors, including 29 strengths and 7 weaknesses of the company. These factors include:

a. A well-structured, detailed, and transparent administrative system
b. 2 pasteurization machines, 2 cup packaging machines, and 18 mini-pack packaging machines
c. Regular maintenance of machines, including daily, weekly, monthly, and annual checks
d. An automated pasteurization production system
e. Use of the latest technology, such as PLC (Programmable Logic Controller)
f. Regular monthly evaluations with stakeholders
g. Annual training for all employees to improve their competencies
h. Employee compensation above the minimum wage (UMR), holiday bonuses, and interest-free loans
i. Quality raw materials with annual supplier evaluations
j. Established SOPs for procurement and new supplier selection
k. Strong relationships with suppliers and a well-maintained supply chain
l. Product diversity and competitive pricing for pasteurized milk
m. Door-to-door sales system with 2,500 distributors (loper)
n. Product certification, including Halal, HACCP, and ISO 9001
o. Lack of innovation in product design, limited use of e-commerce, and no dedicated customer service hotline.

On the other hand, PESTEL Analysis to identify external factors, including opportunities and threats, revealed 19 external factors. These factors include:

a. Free meal program by the Indonesian president
b. Government standards for raw materials and milk pasteurization
c. Economic growth and its impact on sales
d. Consumer awareness regarding health and nutritional content
e. Technological advancements
f. Sustainability programs by the government and climate change impacts on production.

2. Based on the calculations of the IFE and EFE Matrix, the total score for the IFE Matrix is 3.170, and the EFE Matrix score is 2.767. These scores indicate that the company is strong in internal factors and moderate in external factors. As a result, the company falls within Quadrant IV of the IE Matrix, which suggests the most suitable strategy is Grow & Build. The general strategies for this position are Intensive and Integration strategies. Seven alternative business strategies were identified from the SWOT Matrix, including:

a. Maintain product price stability and improve product quality
b. Expand market coverage to enhance sales performance
c. Increase promotional and advertising efforts via digital platforms
d. Establish a sustainable career development program for factory workers
e. Innovate products to align with current trends
f. Foster strong supplier relationships
g. Conduct deeper market research to retain customers and prevent switching to competitors.

3. The formulated alternative strategies are prioritized using the QSPM method. The top priority strategy to face competition in the packaged milk industry is Strategy 1: "Maintain the stability of current product prices and improve product quality," with a TAS of 5.979. The second priority strategy is Strategy 7: "Conduct deeper market research to retain customers and prevent them from switching to competitors' products," with a TAS of 4.706. The third priority strategy, with a TAS of 4.701, is Strategy 6: "Maintain strong relationships with suppliers to create mutual benefits." The fourth priority is Strategy 2: "Expand market coverage to improve sales performance," with a TAS of 4.610. The fifth priority strategy, with a TAS of 4.493, is Strategy 5: "Innovate products to align with current market trends." The sixth priority, with a TAS of 4.361, is Strategy 3: "Increase promotional and advertising activities via digital platforms." The final priority strategy is Strategy 4: "Introduce a sustainable career development program for factory workers," with a TAS of 3.949.

This study makes several significant contributions to both strategic management literature and practical strategic decision-making, particularly in the context of small- and medium-sized enterprises (SMEs) in the dairy sector. Academically, it extends existing strategic management frameworks by applying them specifically to SMEs in a sector that has been underrepresented in prior research. By integrating VCA, PESTEL, SWOT, and QSPM, this research provides a comprehensive approach for SMEs to assess their internal and external environments, formulate strategic alternatives, and prioritize them effectively. The application of the IE Matrix in this study is also a novel contribution, demonstrating how this framework can be used to assess the strategic positioning of dairy SMEs and guide their decision-making process.

From a practical standpoint, the study provides actionable insights for SMEs like CV Cita Nasional, offering a set of strategies designed to address their specific challenges—such as declining revenue, increased competition, and the need for innovation. The recommended strategies, particularly those focused on enhancing product quality, stabilizing prices, and expanding market reach, offer a practical roadmap for SMEs to improve their competitive positioning and achieve sustainable growth. This research underscores the importance of leveraging internal strengths, optimizing operations, and carefully considering external market dynamics when formulating business strategies.

Moreover, this research highlights the broader applicability of the proposed strategic frameworks to SMEs in similar industries, suggesting that these methods can be adapted to other sectors facing similar challenges. By focusing on SMEs in the dairy industry, this study contributes to the limited body of literature addressing strategic management in this context, offering a clear methodology for addressing the complex issues these companies face.

While the VCA, SWOT, and QSPM frameworks are valuable tools for strategic analysis, their application in this study comes with certain limitations:

1. The VCA assumes that the value creation process is linear, which may not fully capture the complexity of the company's operations in the context of the dynamic dairy industry. Additionally, the analysis relies heavily on the perspectives of internal stakeholders, which may introduce bias if their views do not fully represent the broader organizational reality.
2. SWOT analysis is often criticized for being overly simplistic and subjective. In this study, while the SWOT analysis provided a clear overview of the company's internal and external factors, it may have missed more nuanced insights, especially in terms of identifying threats and weaknesses that are less visible to internal stakeholders. Additionally, the weighting of the SWOT factors can vary depending on the respondents' perceptions, which introduces a potential source of bias.
3. The QSPM is designed to quantify strategic alternatives based on weighted scores. However, it may oversimplify the decision-making process by reducing complex strategies into numerical values. This framework also depends on the accurate identification and weighting of key factors, which is subjective and may lead to bias depending on the judgment of the respondents involved in the scoring.

Looking ahead, several avenues for future research are evident. One potential direction would be to track the implementation outcomes of the proposed strategies over time, assessing their effectiveness in real-world conditions and refining them based on feedback and results. Future research could also explore the application of this strategic model to other industries facing similar competitive pressures, such as food and beverage or manufacturing sectors, to determine whether the findings can be generalized across different sectors. Additionally, studies examining the role of digital transformation and technological innovation in shaping the future strategies of SMEs in the dairy industry would provide valuable insights into the evolving landscape of this sector.

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Conflict of interest

All the authors claim that the manuscript is completely original. The authors also declare no conflict of interest.

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