Analysis of Marketing Strategy Formulation in PT XYZ Using IFE, EFE, IE, and Space Methods

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ABSTRACT

Corporate strategy is essential in dealing with global changes. PT XYZ is an international-scale company that requires the right strategy especially in marketing its products. Using the matrix analysis method IFE, EFE, IE, and SPACE by obtaining data based on interviews with one person who is influential in making decisions in the company, the company's internal factors and external factors that influence company performance are obtained. The results of this study are based on the IFE matrix the company has eight strength variables and two weakness variables, based on the EFE matrix the company has six opportunity variables and four threat variables, based on the IE matrix the company can take advantage of existing opportunities, and based on the SPACE matrix the company is in stable condition and has a role in the market.

Keywords*: IFE, EFE, IE, SPACE, Strategy.*

INTRODUCTION

PT XYZ is a company engaged in the Chemical Industry based in the United States. This company has spread to various parts of the world such as Indonesia, China, Germany, the Netherlands, Spain, and so on. In running their business, of course, a strategy is needed where in each country, of course, the formulation is different due to different cultures and situations. Corporate strategy is very important in navigating changes and transformations in the world. The need to establish the right strategy is required to the movers or decision-makers in the company. Factors that can have an impact when you want to take a strategy are the power and experience of the three levels of company management, namely, top level management, middle level management, and lower-level management.

By using the IFE, EFE, IE, and SPACE matrix, the right strategy can be determined in dealing with conditions based on the company's internal and external factors. IFE Matrix (Internal Factor Evaluation) is used to find out how much the role of internal factors in business is (Adella, S., et al., 2022). EFE matrix (External Factor Evaluation) is the result of the identification of external factors in the form of influential opportunities and threats (Rachman, M., et al., 2022). The IE (Internal and External) matrix is an analysis stage carried out using internal and external factors (Sulasti and Rinaldi, U., 2022). The SPACE matrix is a framework of four quadrants that shows whether the strategy is Growth Strategy, Stability Strategy or Retrenchment Strategy which is most suitable for the organization (Pradita, N., 2022).

Research conducted by Hilal Firmansyah, et al. (2022) with the title "Analysis of Construction Services Business Development Strategy (Case Study: PT Tri Manunggal Karya)" concluded that the implementation of the right strategy with IFE, EFE, and IE analysis obtained the result that PT Tri Manunggal Karya is in a strong capital position and is in a position to grow and build. Based on the above problems, the purpose of the author writing this article is to represent the formulation strategy at PT XYZ which is expected to be implemented, as well as provide solutions or references for the management of other companies.

METHOD

This research was conducted at PT XYZ in September. The limitations of the problems in this study only discuss the internal and external factors of the company obtained through interviews with the management (one person) of PT XYZ company. After obtaining the results of identifying internal and external factors, respondents were asked to weigh between two factors (horizontal-vertical) based on their influence on the company, then continued with a rating on a scale of one to four for each factor. Data processing uses IFE and EFE matrices as the basis of this study to determine the scores of Strengths, Weakness, Opportunity, and Threat. In the next stage, the author uses the IE and SPACE matrices to find out which quadrant companies are classified into which strategic suggestions can be depicted.

RESULT AND DISCUSSION
IFE Matrix Analysis

Table 1. Identify internal and external factors

Code	Variable
I-1	The company's goals and objectives can be measured and communicated well
I-2	job description and job specifications are clear
I-3	Existing distribution channels are reliable and cost-effective
I-4	good product quality and customer service
I-5	Experienced and trained corporate financial managers
I-6	Effective Quality Control Policies and Procedures
I-7	The company has technological competence
I-8	The company has adequate R&D facilities
I-9	Existing products are technologically competitive
I-10	All users of information systems understand the competitive advantage that can be provided by the company
E-1	The value of the dollar/rupiah in the world market
E-2	Import/export factors
E-3	Social Security Program
E-4	Attitude towards product quality
E-5	Government regulations or deregulation
E-6	Import-export regulations
E-7	Internet usage
E-8	Our current competitive position in the industry
E-9	Replacement products or services can be a threat to competitors in the industry
E-10	ASEAN Economic Community (AEC) Policy

Table 1 represents the internal and external factors that affect the formulation of PT XYZ's strategy. Internal factors lead to the condition of the company which consists of management, marketing, finance, operations, research and development, and information systems. Like internal factors, external factors are obtained by analyzing the company's external environment consisting of economic, social, political, demographic, technological, and competitor variables.

Weighting

After selecting internal and external variables, the manager then weights one factor with another by paying attention to the degree of influence.

Table 2. Weighting of IFE and EFE Comparison

IFE										
Variable	I-1	I-2	I-3	I-4	I-5	I-6	I-7	I-8	I-9	I-10
I-1		3	3	1/9	1/5	1/3	1/5	3	1/5	1/3
EFE										
Variable	E-1	E-2	E-3	E-4	E-5	E-6	E-7	E-8	9	10
E-1		1	5	1/5	5	5	1/5	1	1	1

Internal factor variables 1 to 10 are weighted by comparing to internal factor variable 1. Round numbers (1,3,5,7,9) indicate vertical variables are as important or more important than horizontal variables, while fractional numbers (1/3, 1/5, 1/7, 1/9) indicate horizontal variables are more important than vertical variables. The same method is also done for external factors.

IFE Matrix

Table 3. IFE Matrix

Code	Internal Variables	Rating	Weight	Score	S *or* W
I-1	The company's goals and objectives can be measured and communicated well	4	0.03	0.13	*Strength*
I-2	job description and job specifications are clear	3	0.01	0.03	*Strength*
I-3	Existing distribution channels are reliable and cost-effective	2	0.01	0.02	*Weakness*
I-4	good product quality and customer service	4	0.28	1.13	*Strength*
I-5	Experienced and trained corporate financial managers	4	0.16	0.63	*Strength*
I-6	Effective Quality Control Policies and Procedures	3	0.09	0.28	*Strength*
I-7	The company has technological competence	3	0.16	0.47	*Strength*
I-8	The company has adequate R&D facilities	3	0.01	0.03	*Strength*
I-9	Existing products are technologically competitive	3	0.16	0.47	*Strength*
I-10	All users of information systems understand the competitive advantage that can be provided by the company	2	0.09	0.19	*Weakness*

The analysis of the IFE matrix is continued by giving a rating to each variable, then giving weight to each variable until a score is obtained from the result of multiplication between the rating and weight. Based on Table 3, there are eight variables that are *strengths* with the dominant variables, namely, product quality and customer service are both strengths of PT XYZ, while the remaining two variables are *weaknesses* for the company with the main weakness in the variable of all information system users understand the competitive advantage that can be provided by the company.

Table 4. EFE Matrix

Code	External Variables	Rating	Weight	Score	O *or* T
E-1	The value of the dollar/ruapiah in the world market	3	0.06	0.19	*Threat*
E-2	Import/export factors	3	0.06	0.19	*Opportunity*
E-3	Social Security Program	2	0.01	0.03	*Opportunity*
E-4	Attitude towards product quality	4	0.32	1.28	*Opportunity*
E-5	Government regulations or deregulation	3	0.01	0.04	*Threat*
E-6	Import-export regulations	3	0.01	0.04	*Threat*
E-7	Internet usage	4	0.32	1.28	*Opportunity*
E-8	Our current competitive position in the industry	4	0.06	0.26	*Opportunity*
E-9	Replacement products or services can be a threat to competitors in the industry	3	0.06	0.19	*Threat*
E-10	ASEAN Economic Community (AEC) Policy	3	0.06	0.19	*Opportunity*

The EFE matrix analysis continues by giving a rating to each variable, then giving weight to each variable until a score is obtained from the result of multiplication between the rating and the weight. Based on Table 4, there are six variables that are opportunity with the main opportunity being the attitude towards product quality, while the remaining four variables are *threats* for companies with the most dominant variable being the dollar/rupiah value in the world market, import/export factors, and substitute products or services can be a threat to competitors in this industry.

IE Matrix Analysis

Table 5. IFE and EFE Matrix Analysis

IFE and EFE		IE MATRIX	
Strength	3.16	IFE (S+W)	3.36
Weakness	0.21		
Opportunity	3.23	EFE (O+T)	3.69
Threat	0.46		

Table 6. IE Matrix Analysis

		IFE		
		3.36	-	-
EFE	**3.69**	I	II	III
	-	IV	V	VI
	-	VI	VIII	IX

The results of the IE matrix in Table 6 show that PT XYZ is in quadrant I with a total IFE value of 3.36 which means the company can utilize its human resources to continue to develop to overcome internal problems, and an EFE of 3.69 which means the company is able to take advantage of existing opportunities. The best strategy to do is a growth strategy by developing markets and products, as well as intensive market penetration by paying attention to product quality and innovation.

SPACE Matrix Analysis

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Table 7. SPACE Matrix Analysis

SPACE Matrix	
S-W	2.95
O-T	2,77

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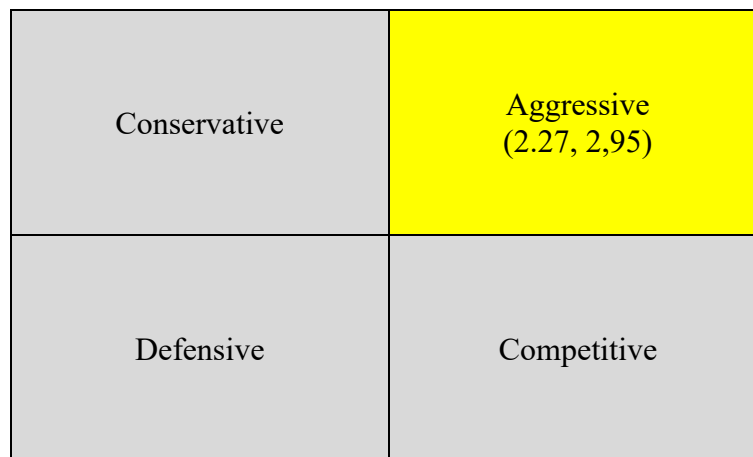|	
Conservative	**Aggressive (2.27, 2,95)**
Defensive	Competitive

Figure 1. SPACE Matrix

Based on the SPACE matrix in figure 1, it is found that PT XYZ is in quadrant I (*Aggressive*). It shows that the company is in a stable condition and has a role in the market. Strategies that are suitable for this quadrant position for companies are market penetration strategies, product or service development, and market development or integrative strategies such as backward integration, forward integration, and horizontal integration.

CONCLUSIONS

Based on the analysis of the company's internal factors, there are eight variables that are strengths, while the remaining two variables are weaknesses for the company. Based on the analysis of external factors, there are six variables that are (opportunities), while the remaining four variables are threats to the company. Based on the IE matrix analysis, the company is able to take advantage of existing opportunities with recommendations for market and product development strategies, as well as intensive market penetration by paying attention to product quality and innovation. In the SPACE matrix, companies are in stable conditions and have a role in the market, the recommended strategies that can be given are market penetration strategies, product or service development, and market development or integrative strategies such as backward integration, forward integration, and horizontal integration. Further research can pay attention to the condition of work culture and work motivation in conducting research.

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