

WINGKO BABAT PRODUCT DEVELOPMENT STRATEGY FOR COMPETITIVE ADVANTAGE DURING THE COVID-19 PANDEMIC

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Abstract *Wingko is a special snack that comes from Babat, Lamongan. In its development wingko spread in various areas in Lamongan and surrounding areas. The wingko tripe industry in 2010 was able to produce up to 1.500 wingko each day, while in 2020 it decreased to 1.000 wingko/day. The competition that occurs makes production unstable, even decreased. Therefore, research is needed on the strategy of wingko Babat industrial development. This research aims to design a wingko Babat industrial development strategy to develop and open jobs for the surrounding residents and increase the original income of the Lamongan regency. This research was conducted in January-May 2021 on wingko Babat industry players using Fred R David's Strategy Formulation Framework method that combines External Factor Evaluation (EFE) and Internal Factor Evaluation (IFE) data, then conducted SWOT and Grand Strategy analysis. The results of this study show that several strategies must be carried out by the wingko Babat industry; maintaining product quality, product development, taking care of halal permits, marketing with online media, product diversification, improving business management systems, and establishing cooperation with local governments. Therefore, wingko Babat industry players are expected to be able to implement some of these strategies to be able to compete, especially during the covid-19 pandemic.*

Keywords: *Wingko Industry, Strategy, SWOT.*

1. INTRODUCTION

The economic development of the community through small and medium enterprises (SMEs) is very important, considered as the lifeblood of the national economy. Smith and Watkins (2012) argue that small and medium-sized industries play a very important role in the economy in developed countries like the United States as they employ a third of the country's workforce. It is undeniable that these industrial conglomerates play a much larger role in developing countries like Indonesia, where small and medium-sized enterprises dominate the economic system. SMEs play an important and strategic role in the economic growth of both developed and developing countries. During the Indonesian economic crisis, small and medium-sized enterprises were the most resilient economic sector. The capacities of SMEs must be continuously strengthened and developed to try to alleviate the difficulties encountered by SMEs to make the greatest contribution to improving the well-being of the community (Sutaryo, 2004).

In East Java, the number of SMEs reached 9,7 million in 2018. The number of SMEs in Lamongan Regency as many as 130.006 SMEs units managed to absorb 327.422 workers.

Wingko is a special dish from Babat in Lamongan. During its development, the wingko spread to various regions of Lamongan and Semarang. When competition sets in, production becomes volatile and tends to decline. Wingko, which is favored by consumers, is the original wingko that directly narrows the market. In recent years, up to 2015 to be exact, the industry was able to produce 1.000 wingko, and even at its peak in 2010, it was able to produce up to 1,500 Wingkos. According to Machfoedz, cited by Reniati (2013: 24), innovation is defined as the process of transforming opportunities into marketable ideas. Innovation is not just a good idea. Pure ideas play an important role and the creative spirit turns into valuable ideas.

In order not to be lost by the emergence of the new Wingko industry and other more modern food industries, it is necessary to study the development strategies of the Wingko industry, which is the main product of Lamongan Regency. Based on the above, a strategy is needed to develop the Wingko industry so that the existence of the Wingko industry can open employment for local residents and increase the initial income of the Lamongan region. The above questions may raise the question of how to think of the wingko industrial development strategy as the flagship product of the Lamongan Regency. The purpose of this study is to design a wingko Babat industrial development strategy to develop and open work to those around us and increase the initial income of Regent Lamongan.

2. RESEARCH METHODS

The method used is the Fred R David Strategy Formulation Framework which combines external factor evaluation (EFE) and internal factor evaluation (IFE) data, then SWOT and grand strategy analysis. The data collected is quantitative and qualitative related to the wingko babat industry profile which includes management, production, and marketing. The data obtained is analyzed based on research objectives to design wingko tripe industry development strategies. In this stage, activities are carried out in the form of data processing with the strategy formulation framework approach, Fred R David, 2011. Which consists of several stages, among others, the External Factor Evaluation Matrix (EFE), in this matrix are made criteria that become opportunities and Threat (Treatment). Internal Factor Evaluation Matrix (IFE), in this matrix, made criteria that become strengths and weaknesses. The Threat-Opportunity-Opportunity Matrix (SWOT) is a known at these stage alternative strategy that can be used as a continuation of planning. The SPACE matrix (Strategic Positioning and Action Evaluation) is one of the matrices used by a company to determine what strategy is most appropriate to execute. In this matrix, there are four-quadrant frameworks: aggressive, conservative, defensive, or competitive that best suit the organization.

3. RESULTS AND DISCUSSIONS

WINGKO INDUSTRY

Wingko is made with snacks that are very popular in certain regions of Indonesia. During its development, wingko spread to many areas and is most popular in Semarang. Many believe this dish comes from a Chinese country, as Babat's relatively old Wingko industry uses the Chinese name (Sukrama, 2009). Winko is a round cake of a certain diameter and is usually served hot. Cakes are often sold in souvenir shops, train stations and bus stops. Wingko is sold in the form of sachets or already shredded sachets. Often sold at gift shops, this cake has a shelf life

of about one week. Therefore, be careful when buying or selling this coconut product (Ikhsan, 2010).

As a typical food, the existence of wingko must be maintained and developed. Many ways that can be done somewhat able to survive the competition between wingko sellers. Ways that can be done include maintaining taste, attractive packaging, cleanliness, and so on. There are SMEs that experience sales fluctuations due to competition, one of which is SMEs Kelapa Muda. SMEs Kelapa Muda can produce up to 800 Wingko bags in a single production. Competition begins, production becomes volatile and even tends to decline. In addition, the consumer's favorite wingko is the original wingko, which is shrinking the market directly. Over the past few years, to be exact, in 2015, the industry was able to produce 1.000 Wingko bags, and in 2005 it was able to produce up to 1.500 Wingko bags. Not lost due to the emergence of the new Wingko industry and other more modern food industries.

SMEs Kelapa Muda can produce up to 800 Wingko bags in a single production. Competition begins, production becomes volatile, and tends to decline. In addition, the consumer's favorite wingko is the original wingko, which shrinks the market directly. In the very past few years, the industry was able to produce 1.000 Wingko bags in 2015 and up to 1,500 Wingko bags in 2005. It will not be lost due to the emergence of the new Wingko industry and other more modern food industries. SMEs Kelapa Muda produces wingko di Jl. Langgar wakaf Gg. Kartika RT/RW: 02/01 Sawo, District Babat, Regency Lamongan. When production started, Karsono and his wife were only selling Wingko in small food stalls around the old Babat market. Gradually, wingko was offered in public transport and trains through the service of travel distributors. At first the industry made Wingko at home, but as the industry developed and demand for Wingko increased, in 1993 Carsono decided to set up a Wingko production plant just behind the House. This wingko industry is built on a 25 x 10 meter site. The building has two doors to prevent materials from entering through the same door, reducing the risk of contamination of the finished product. The grill that SMEs Kelapa Muda uses is made of firewood as it is supposed to enhance the unique flavor of Wingko itself.

The development of SMEs Kelapa Muda also requires Karsono to add worker services. At its peak, the industry had as many as 20 production workers so that the demand for wingko could be met. The 20 workers consisted of 2 workers for the transfer of goods, 3 workers for coconut stripping, 3 milling workers, 7 workers for dough making and roasting, and 5 workers for packaging. Back then the industry supplied large shops around babat old markets, such as Loe lang in and Kelapa Muda, which had trading partners of about 20 street vendors in babat old market area and about 30 traveling vendors on public transport such as buses and trains.

SMEs Kelapa Muda is an industry that dominates the wingko market, especially in the Lamongan regency. This industry has also supplied souvenir shops until out of the city such as Gresik, Bojonegoro, Tuban, Jombang, and Ngawi. Dominance and big-name SMEs Kelapa Muda was only able to last about 22 years, namely from 1990 to 2012. As an old industry that can survive until now, sales fluctuations are always experienced by this industry. But after the ban on hawkers selling on trains in 2012 made small industries of sword suppliers experiencing a decline including SME Kelapa Muda. In 2011 SMEs Kelapa Muda changed owners to become Mr. Markasan who is the son of Mr. Karsono. The number of workers currently stands at 13. Of the 13 workers consisted of 2 workers for the transfer of goods and stripping coconuts, 2 milling workers, 5 workers for making dough, printing, and roasting, and 4 workers for packaging.

Wingko Babat Industrial Development Analysis

SWOT analysis is the systematic identification of the various factors that shape a company's strategy. The various situations encountered inside and outside the company should be used as input to set up a relatively appropriate marketing system and make strategic plans

Table 1. SWOT Matrik

	Strength – S 1. Wingko business pioneer. 2. Strategic industrial location 3. Quality products 4. Extensive marketing 5. Have a business license from the cooperative and MSME service	Weakness – W 1. Have not utilized technology in the aspect of online marketing. 2. Not yet have a halal certificate. 3. Lack of worker training.
Opportunities 1. Market potential is increasing 2. Traditional products are in demand by consumers. 3. Some of the technology in the production process uses modern equipment.	SO Strategy (S2-O2) 1. The use of quite modern technology in the production process can increase sales capacity. 2. Doing product development 3. Diversify products.	WO Strategy 1. Utilizing technology in online marketing aspects in order to increase the demand for products. 2. Carry out market development. 3. Business management system improvement
Threads - T 1. Lack of working capital. 2. Haven't cooperated with the government 3. The number of competitors for similar products.	ST Strategy (S1-T4) 1. Maintain product quality, in order to compete with competitors. 2. Collaborate with banks.	WT Strategy 1. Cooperating with local governments in managing halal certificates. 2. Promoting in collaboration with local governments

From the SWOT analysis, you can find alternative strategies your business can use. Therefore, the match (Strenght-Opportunities) is a strategy that harnesses the power of the business to seize the opportunity. So the strategy is to use the latest technology in the manufacturing process to increase sales capacity, product development and product diversification. Wo (Weakness-Opportunities) is a strategy to overcome the weaknesses of the business and seize opportunities. WO's strategy is to use technology in online marketing to increase demand for products, open markets and improve business management systems. St (Strength-Threads) is a strategy that uses power to address existing threats. ST's strategy is to maintain product quality to compete with competitors and work with banks. A Weakness-Threads (WT) strategy is a strategy in which a company corrects its weaknesses to address existing threats. WT's strategy is to cooperate and promote local authorities in the management of Halal certificates.

Spatial analysis is a way to combine internal and external factors of your business. The internal factors themselves can be divided into two main factors: financial strength and competitive advantage. Factors include external factors, but environmental stability and industry strength.

The explanation of each factor analysis is as follows. There are two internal factors of a company: financial strength and competitive advantage. Financial strength is generally defined as a company's financial capacity to survive in the market. The seven factors to analyze are:

Return on investment (ROI)

Since it is impossible to collect detailed financial data of a company, it is impossible to know for sure the return on investment (numerical value) that a company has obtained. This coefficient is given a value of + 2.

1. Leverage

SMEs Kelapa Muda is one of the community-known wingko entrepreneurs in the Babat region. As a result, the Kelapa Muda SME has become a pioneer of Wingko entrepreneurs, enabling the community to grow their business in the processed food sector. This coefficient is given a value of +5.

2. Liquidity

All the equipment that SMEs Kelapa Muda owns certainly has a rather large face value when converted into cash. However, if the company wants to dilute the investment, the investment is classified as liquid. This coefficient has a value of +4.

3. Working Capital

From 1990 to 2010, wingko production still uses traditional equipment. However, as business development and market demand continue to increase, owners will use more up-to-date tools in 2010 to support their business growth. With this in mind, we can conclude that SMEs Kelapa Muda can continue to grow their business. This coefficient has a value of +4.

4. Cash Flow

The cash flow of the company is certainly not very good. Indeed, SMEs Kelapa Muda is a state-owned enterprise that does not yet have a well-organized budget. This coefficient is given a value of +1.

5. Ease of exit from market

SMEs Kelapa Muda is classified as a family business that is always looking to grow, making it easier for SMEs to enter the market. This coefficient receives a value of +3.

6. Risk involved in business

Every investment has risk. SMEs Kelapa Muda is one of those wingko entrepreneurs who already have many competitors. In other words, the risk to the wingko business could already be classified as a high-risk business. Therefore, this factor takes the value +3.

The next internal factor is competitive advantage. Competitive advantage is a factor that creates the advantage of a company in competition with its competitors. An explanation of the competitive advantage factors is provided below.

7. Market Share

Wingko's market share is still very important. Most Indonesians like to eat processed foods, especially Wingko. If there are a lot of competitors, the value is given -2.

1. *Product Quality*

SMEs Kelapa Muda is very popular with the community and the community promotes Kelapa Muda products due to the public opinion that the quality of SMEs Kelapa Muda is better than Wingko other than the quality of its competitors. The value -3 is specified in this category.

2. *Product Life Cycle*

Wingko products are a product that has a low life cycle because wingko was quickly stale. So, the risk of products with a life cycle is very high. For this factor, a value of -4 is given.

3. *Customer Loyalty*

Wingko products made by SMEs Kelapa Muda are usually a type of wingko. As a result, wingko fan consumers may be below the middle class. Expect consumers to continue to be loyal to consuming SMEs Kelapa Mudawingko in that competition. This coefficient has a value of -2.

4. *Competition's Capacity Utilization*

The production capacity of SMEs Kelapa Muda is still not maximized. This is due to a lack of marketing. For this factor, a value of -4 is given.

5. *Technological know-how*

Some SMEs Kelapa Muda machines are equipped with the latest technology. And now the SMEs Kelapa Muda has a 10 oven motor which facilitates the drying process. In this category you get the value -3.

6. *Control Over Suppliers and Distributors*

The last internal factor of this company is still not owned by SMEs Kelapa Muda. Raw materials in the form of coconut, flour, sugar are still bought at other suppliers. Likewise in the distribution process that is still not maximal. For this factor, a value of -5 is given.

The company's external factors are divided into two, namely environmental stability and industry strength. Environmental stability is defined as the environmental stability that exists in a country, such as inflation, technological advances, and competitors in the same business field in that country. Here is the description of the environmental stability factor:

1. *Technological Changes*

The development of technology in the wingko industry itself is still relatively slow. SMEs Kelapa Muda explained that after almost 40 years of company travel, the company only once changed with a machine with more advanced technology, namely in the oven machine. For this factor, a value of -3 is given.

2. *Rate of Inflation*

Indonesia's economic climate is the 10th best in the world. With economic growth of 6.7% per year and an inflation rate that has never been above 8% in the last 5 years, the State of Indonesia is certain to be the right destination for business development is no exception for the wingko industry. For this factor, a value of -2 is given..

3. *Demand Variability*

Indonesia is known as a consumptive country. Many Indonesians prefer to buy than make. Because of the basic character of the community, the company is believed to be able to get a stable demand every month with a market share of all circles. For this factor, a value of -3 is given.

4. *Price Range of Competing Products*

Price is one of the important factors assessed by the people of Indonesia. The slightest difference in price difference with competitors will be the basis of consideration for the community before buying a product. The price of SMEs Kelapa Muda products is almost the same as the products owned by competitors. So consumers only choose based on preferences only. For this factor, a value of -3 is given.

5. *Barriers to Entry*

Indonesia is a country that promotes democracy so that there is almost no monopoly in an industry in Indonesia. Indonesia is one of the countries that provide the greatest flexibility for companies to enter and develop their products in hopes of improving the Indonesian economy. As for the market area in the Lamongan area, wingko SMEs Kelapa Muda almost dominates the market completely. This is because SMEs Kelapa Muda is one of the pioneers of wingko for the surrounding area. For this factor, a value of -2 is given.

6. *Competitive Pressure*

Competition has always existed in the world of industry, not least with wingko efforts in Indonesia. However, consumers prefer wingko SMEs Kelapa Muda because of its long business. For this factor, a value of -2 is given.

7. *Price Elasticity of Demand*

Indonesian society is a society that is very sensitive to price changes. Even slight price changes can make consumers move to competitors who have lower prices. Therefore, it is given a value of -2.

Industry strength is one of the external factors defined as the company's ability to survive competition between competitors. Here is the description of each factor: Growth Potential

Seeing the market share is still very broad, the wingko business is still quite promising. Wingko business will still experience very high growth due to the habit of people who often consume snacks/souvenirs. For this factor, a value of +5 is given.

1. *Profit Potential*

SMEs Kelapa Muda has controlled the market in the Lamongan area, but still not completely. In addition, it is estimated that the wingko business will still experience a rapid increase, profit is believed to be directly proportional to it. For this factor is given a value of +6.

2. *Financial Stability*

Indonesia's economy belongs to three countries that have stable economies after the United States and China. Many countries in the world recognize that Indonesia has a bright economy in the future. But this is not necessarily certain to be ascertained. Therefore, it is given a value of +4..

3. *Resource Utilization*

Indonesia is a fertile country and abundant in natural resources. Raw materials in the form of coconuts are very easy to obtain. For that, it is given a value of +6.

4. *Capital Intensify*

Based on the four previous factors that are very good, investors both domestically and abroad have the confidence to put their investments in the Country of Indonesia. This is very evident from the increase in the Indonesian State Composite Stock Price Index (JCI) which has always increased over the past 15 years even after the monetary crisis hit the Country of Indonesia in 1998. For this factor, a value of +3 is given.

5. *Ease of entry into market*

SMEs Kelapa Muda has successfully entered and controlled the market in the Lamongan region. For this factor, a value of +5 is given..

6. *Productivity*

Industrial productivity in Indonesia demands high productivity. This is inseparable from the Indonesian population which occupies the fourth most populous population in the world, which is 253.6 million more Indonesian citizens. For this factor, a value of +5 is given..

X = Financial Strenght + Environmental Stability.

$$= 3,142857143 + (-2,571428571) = 0,391428569$$

Y = Competitive Advantage + Industry Strength

$$= -2,857142857 + 4,571428571$$

$$= 1,714285714$$

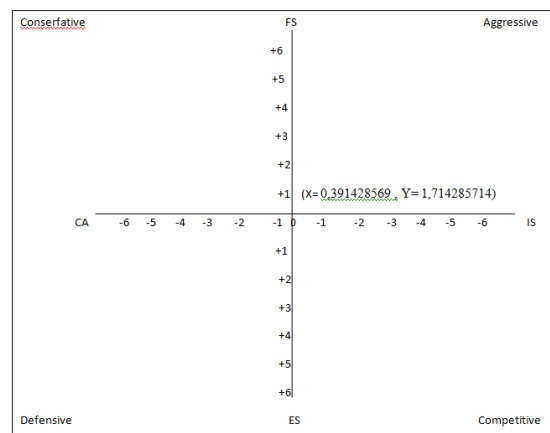


Figure 1. MATRIX SPACE

Space matrix is used to determine the condition of a company by using cartesian diagrams consisting of two dimensions and four quadrants. The four quadrants are of the same scale. As well as the four quadrants can identify the position of the company. If the results of the calculation are on the conservative quadrant it shows that the company's internals is strong while external companies are weak. If it is in an aggressive quadrant, it shows that the company has strong internal and external. If you are in the defensive quadrant shows that the company has weak internal and external. Whereas if it is in the competitive quadrant then the company has a weak internal while the external is strong. Figure 1. A diagram of cartesian space matrix UKM Kelapa Muda can be seen in the diagram showing the position of the company in the aggressive quadrant which shows that the company has strong internal and external.

4. CONCLUSION

The results of this study show that there are several strategies that must be carried out by the wingko Babat industry; maintaining product quality, product development, taking care of halal permits, marketing with online media, product diversification, improving business management systems, and establishing cooperation with local governments. Therefore, wingko Babat industry players are expected to be able to implement some of these strategies to be able to compete, especially during the covid-19 pandemic.

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