



## **Innovation as A Strategy of Agrowical Competition Advantage in Improving Marketing Performance of Luwak Coffee Products in Gianyar Bali**

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### **ABSTRACT**

Agro tourism is a place for nature-based creativity and packaged in the form of trips or tourism activities to plantations or agriculture. One of them is luwak coffee agro tourism. This agrotourism has an icon of luwak coffee as a mainstay product in attracting tourists and increasing sales. Through a study entitled "Innovation concept as a strategy in argowisata in improving marketing performance of luwak coffee product in Bali. The purpose of this research is to know the variables that become the power, weaknesses, opportunities and threats in the face of Luwak coffee agro tourism in marketing its products. Engineering data collection done by using the method of interviewing, observation, and documentation. Whereas technical analysis using IE and SWOT matrix. From the results of research in the know agro-tourism Luwak coffee has strength (Strength), namely: innovation is technically in producing quality products with options, change the design in accordance with the wishes of the customer, developed ideas and systems change the distribution. In addition, the completeness of facilities, special rates, service, location, employee appearance, the mastery of a foreign language. While his weakness (Weakness) lack of promotion of the maximum, and the lack of mastery of the technology in the production of goods. Opportunity (Opportunity) of environmental external in the show by the Bali security stability indicators conducive, local government policy that is flexible, the rate of inflation, the bargaining power of buyers. While the threats (Treats) agro-tourism growth rates, the influx of newcomers the same products, the existence of goods substitution that can replace the product, the competition is fellow companies in the industry, the existence of the bargaining power of buyers. Performance marketing in doing that is to improve the quality of the product, promotion, price adjustment, intense, best service with distribution system fast, innovation.

Keywords: SWOT analysis, matrix IE, competing Strategies, innovation and performance marketing.

### **1. Introduction**

#### **1.1 Background**

Bali is a growing tourist destination favored by tourists both local and international tourists. Tourists visit capable of creating various opportunities in society, one of which creates opportunities for rural areas by optimizing the resources owned by the business opportunities such as the ones contained in Gianyar. There are large number of Luwak coffee making agro tourism business entrepreneurs are using the right strategy and quick to win the competition. Win the competition is not easy, so the company sued and forced to learn strategies and understand what is happening in the market. Strategy according to Prahalad (1995) is the action that is incremental (constantly increase) and continuously, as well as conducted based on point of view about what is expected by its customers in the future.

Agro tourism product marketing in the form of a Luwak coffee needed right strategies for competitive advantage. The right strategy of in the form of uniqueness rates, competitive price, rarely in the encounter, not replicable Bharadwaj et al (1993). Strategy according to Kotler (2008:25) is the managerial process for developing and maintaining harmony between the objectives of the company, the company's resources, and the ever-changing market opportunities, with the aim to establish and adjust the company's business, the resulting product so that it can achieve a profit.

From a background in the study which became a staple of discussion are: 1) what became the strengths and weaknesses and the opportunities and threats in the face by the orchard, Luwak Coffee in Bali in increasing their sales. 2) Innovation what be excellence in marketing performance enhancing



agro-tourism Luwak coffee Bali. Based on problems in the formulation of the above problems, the goals you wish to accomplish in this research were: 1) to know the variables into strengths, weaknesses, opportunities and threats in the face of Luwak Coffee agro tourism in Bali in improve the performance of marketing. 2) Devise and recommend alternative innovation that is able to improve the performance of marketing Luwak coffee agro-tourism in Bali

## **2. Review of the literature**

### **2.1 The Concept of Strategy**

The strategy is a process of determining the plan the leaders focused on the long-term goals of an organization that is accompanied with the preparation or effort to achieve a goal. The strategy is an action that is incremental (continually increasing) and continuously, as well as conducted based on point of view about what is expected by the customer in the future and always starts from what can happen and not starting from what is happening (Hamel and Prahalad, 1995).

### **2.2 Competitive Strategy**

Competitive advantages is a business that is done continuously by the company by getting the best possible results from its competitors (David, 2006). Porter stated to gain the competitive advantage of a company must consider three aspects consist of price leadership, differentiation and focus. The third aspect is often called generic strategy. The leadership of the price (cost leadership) is standard on the cost per unit in producing goods at very low with price for consumers who are sensitive to prices. Differentiation is strategy which aims at producing goods and services which are considered by the industry and addressed to customers who are not price-sensitive. Focus means producing goods and services can meet the needs of a small group of customers.

### **2.3 Internal Environment Analysis**

Analysis of internal factors according to Morrison (2002:277) described in detailed as follows:

#### **1) Product**

A key element in the supply market is a product that is able to satisfy the needs and desires of the consumers. Products offered by ones such as Luwak coffee Arabica, Robusta bean, spring in the form of powder, and powder. So are a variety of organic tea that comes from nature without any preservatives such as turmeric, mungbean, and provided a wide range of attractions and restaurant.

#### **2) Price**

Kotler and Armstrong (2008:63) defined were price is a measure that is exchanged in order to obtain the possession or use of a product. In this agro tourism products assigned Luwak coffee the price determined according to the quality and its service.

#### **3) Place.**

Is owned by the orchard, Luwak coffee by presenting the garden as a place to enjoy your coffee accompanied by the attractions of the making process of Luwak coffee comes to consumption.

#### **4) Promotion.**

Promotions conducted on agro tourism in Bali Luwak coffee is using WOM, internet, personal selling and much more. Promotions that greatly affect sales at this agro-tourism are the promotion of personal selling mainly by using the Guide.

#### **5) People.**

It is the people in the service of the consumer as to the very enthusiastic, remember the service and satisfaction of consumers have an important role in marketing the product and product marketing process or especially Luwak coffee is very attractive which starts from the arrival of the prospective consumers welcomed by the officers directed and in call communications and gave information about products of Luwak coffee to give away free tester favors to the consumers.

### **2.4 Analysis of External**

The environmental analysis external to identified the opportunities and threats. On external environment there are two groups of interrelated factors in carry out an important role for the determination of the opportunities, the challenges facing the company. First, it is a societal environment variable were made up of economic factors, socio cultural, political, and technology. The second variable is derived from the environment industry itself, including Governments, communities, suppliers, competitors, consumer Wheelen Hunger (2004).

## 2.5 strengths and weaknesses of the Luwak coffee Agro-tourism

The Luwak coffee agro-tourism beans turned out to have a number of strengths to support the marketing performance. The power in question is the ability in flexibility in the face of various challenges in the immediate surroundings. The power of agro tourism is the ability to innovate, creative and making of actions that is probably the work of competitors around.

### 2.5.1 The Strengths of Luwak Coffee Agro-tourism

The power possessed agro-tourism Luwak coffee has strength (Strength), namely: 1) technically innovation in producing quality products with a choice of 2) design changes in accordance with the wishes of the customer, develop ideas as well as 3) change system the distribution, 4) completeness of the facility, 5) special rates, 6) services 7) strategic location, 8) employee appearance, 9) mastery of a foreign language.

### 2.5.2 Weakness Agro tourism Luwak Coffee

Instead of the number of powers turned out to be agro tourism Luwak coffee also did not escape the weakness. The weaknesses caused by a characteristic of small size. Weakness that occurs at the orchard is; 1) lack of promotion of the maximum, 2) lack of mastery of the technology in the production of goods.

## 3. Research method

### 3.1 Design Research

in accordance with the research objectives to be achieved, namely to know the problems faced by the orchard, Luwak coffee are special in terms of gaining competitive advantage. In analyzing these factors in order to formulate a strategy of Luwak coffee agro tourism competitive advantage then carried out a SWOT analysis.

### 3.2 The object of research

The Research conducted in Gianyar Regency with research on the small-business sector of agro-tourism in Gianyar, Bali.

### 3.3 analytical methods

Analytical techniques used are SWOT analysis techniques to identify its issues. The SWOT analysis is based on the logic that can maximize the strength and chances, but simultaneously can minimize weakness and threats (Freddy Rangkuti 2005).

## 4. A description of the results of the research and the discussion

### 4.1 Strategic Identification

The results of research done in the area of Gianyar in particular related to agro tourism competitive advantage strategy analysis supported with interviews to all stakeholders associated with the object research including agro tourism trade of Luwak coffee that is in Gianyar Bali which includes (business owners, employees, consumers). Then through the SWOT analysis tool will described the analysis of the condition of its internal and external environments, which are the factors that affect the competitive advantage strategy.

Following are the results of the interviews and observations related to environmental factors internal as well as external environment (opportunities and threats) that can be seen in table 4.1 as follows:

Table 4.1  
Identification of environmental factors Internal and External Environment

Explanation	Identification of the results of the SWOT description
Internal environment Strength	1. Innovation is technically in producing quality products with options. (S)
	2. design changes according to the desires of customers, the development of the idea (S)
	3. Changes to the distribution system. (S)
	4. Completeness of the facility (S)
	5. Price (S)

	6. Service (S)
	7. Location (S)
	8. The appearance of the employee (S)
	9. The mastery of foreign language (S)
Weaknesses	1. The lack of promotions
	2. Lack of mastery technology in the production of goods. (W)
	3. The production process only as at attraction alone to reveal the workings of kopi luwak to prospective buyers. (W)

Factor external opportunities	1. Government policy support area (licensing, support marketing support) (O) 2. Labor easily obtainable (O) 3. Economic stability and access to capital are widely open (O) 4. The social conditions of the communities associated with the lifestyle who want healthy life by consuming natural products without preservatives (quality) (O)
External Factors (threats) Threats	1. The large number of incoming threats newcomers/the same product (T) 2. The existence of goods substitution that can replace the product (T) 3. Competition of industrial companies in fellow (T)
	4. The price of raw materials has increased (T)
	5. The presence of the buyer's bargaining power (T)
	6. The use of technology that is insufficient (T)

#### 4.2 Internal Factor Evaluation Matrix based

the results of the assessment of the respondent can be seen the strengths and weaknesses of the company as follow:

##### 1. The Indicators into the power company

- 1) In terms of product and price are rated with the rating of good, i.e. 3.222 according to the services and quality of products as well as facilities provided to tourists the equivalent of the price paid.
- 2) In terms of place or Place with a rating of 3.333 means either due to location of the ones close to the attractions of Ubud, where the consumers are mostly foreign tourists indirectly could tour while buying the product and enjoy the Luwak coffee for the purposes of personal as well as for souvenirs
- 3) In terms of the appearance of the employees courteous and capable foreign language with rating 3.333 namely providing information about the process of Luwak coffee and answer questions from consumers.
- 4) Ones have employees who are skilled in mastering English has a rating of 3.444 it means agro-tourism has a good capability so that it is able to compete with other companies.

##### 2. The Indicators into the company's weaknesses

The downside of the orchard, Luwak coffee is as follows: in terms of sales promotions are directly or indirectly on the internet were given a rating of 2, 111dan mastery of technology in production. 2,222 at less good this possibility that cause the decline sales. Because in making maximum use of technology products are not by reason of the product's process of Luwak Coffee by Mongoose eaten way.

### 4.3 Internal Factors Analysis Summary (IFAD) present

Further analysis is determining the value of the total weighted (score). based on table 4.2 it is known that the internal environment analysis results in the overall value of the total IFAD weight of 3.102.

Table 4.2  
Internal Factors Analysis Summary (IFAD) present

No	Indicator Variabel	Rating	Weight %	Score	Position Competitors/Threats
<b>Internal environment</b>					
1	Agro tourism it has Luwak coffee product innovation with a wide range of type and have a quality selection.	3,222	0,097	0,312	Opportunities
2	Design changes according to the desires of customers, development	3,222	0,097	0,312	Opportunities
3	the price to purchase product discount	3,222	0,097	0,312	Opportunities
4	The product provided in accordance with the price offered (value for money)	3,222	0,097	0,312	Opportunities
5	Strategic locations	3,333	0,099	0,329	Opportunities
6	Change the distribution system more quickly so that services satisfy	3,000	0,089	0,267	Opportunities
7	Comfortable agro-tourism	2,222	0,066	0,146	Threat
8	Ones are having sales promotion either directly or indirectly.	2,111	0,063	0,132	Threat
9	Promoting agro tourism through the medium of the internet or the Website	3,444	0,095	0,326	Opportunities
10	Employee politely	3,333	0,103	0,342	Opportunities
11	design changes according to the desires of customers, development	3,222	0,097	0,312	Opportunities
12	Utilization technology in producing insufficient number of	2,222	0,066	0,146	Opportunities
	Amount	35,775	100% (1,00)	<b>3,102</b>	Opportunities

### 4.4. Matrix Evaluation external assessment

The Results Factors respondents of all the indicators of each variable identified, indicates that the indicator that shows great opportunities for agro tourism of Luwak coffee is:

a) Politics, legislation, and regulations

Indicators of stability and conducive by security Bali government policy a flexible area is a great opportunity, because the more secure and flexible policies will make tourists feel safe and comfortable to come in Bali especially in agro tourism Luwak coffee.

b) Socio-cultural Environment. Popular culture in an environment

The company provides the comfort which is one of the opportunities because of Balinese culture and customs will be able to attract tourists to see and feel it directly. So indirectly, tourists or consumers can see and choose products of agro-tourism. From the economic aspect, the inflation rate has no effect against the purchase of products of agro-tourism in Bali. While the indicator that shows the major threat to the orchard, Luwak coffee, namely the lack of skills in the use of technology and information to its fullest will hinder the onset of operations in marketing products more broadly.

Ventures growth rate increase can be a very serious threat in the marketing of agro-tourism. The impact of the growth of agro-tourism in Bali caused the number of options for tourists or consumers to choose products in Bali.

- a. External Factors Analysis Summary (EFAS) further Analysis is determining the value of the total weighted (score) of each indicator to obtain the value of the weighted total presented here at Table 4.3

**Table 4.3**  
**External Factor Analysis Summary (EFAS)**

No	External Variable Indicator	Value	Weighting (%)	Score (Rating x Weight)	Position competitor /threats
	The external environment				
1	Growth rate agro-tourism increased	2,000	0,095	0,190	Threat
2	Bali security Stability conducive	3,666	0,174	0,637	opportunities
3	local Government Policy flexible	3,555	0,168	0,597	opportunities
4	inflation rate stable	3,222	0,153	0,492	opportunities
5	buyer bargaining power level	3,444	0,163	0,561	opportunities
6	Threat entry of newcomers	2,111	0,100	0,211	Threat
7	Cultural communities around neighborhood gives comfort	3,111	0,147	0,457	Threat
	Amount	21,109	100% (1,00)	3,145	

The strategic position of agro tourism 4.5 Luwak Coffee after doing analysis on the internal and external environment both at present and in the future, the next step is to move the score values into a matrix of IFAD/EFAS. The value of the weighted total for the current IFAD is 3.102. While the score value of EFAS in modern times of 3, 145 until the company's position in the matrix of IFAD/EFAS are presented in Figure 4.1

**Figure 4.1**  
**The company's position in the matrix of IFAS/EFAS**  
**Evaluation of Internal factors and the strength of the company**

		Power 2,51-4,00		Low 1,00-2,50
		3	2	1
4				
3	High 2,51-4,00	I 3,102 <b>Growth (growth)</b>	II <b>Growth (growth)</b>	III <b>Shrinkage Turn Around</b>
		3,145		
2		IV <b>Stability Carefully</b>	V <b>growth</b> Concentration through Integration horizontal	VI <b>Shrinkage Divesment</b>
1	Low 1,00-2,50	VII <b>Growth (growth)</b> Diversification	VIII <b>Growth (growth)</b> Diversification	IX <b>liquidation</b> Liquidation
	Evaluation Factor External (EFAS)			

Figure 4.1 shows the strategic position of agro tourism at present is to grow and develop (grow and flourish). Alternative strategies be applied, consisting of market penetration, strategy, market development, and product development.

The strategy of market penetration can be done by increasing the market segment for new products or services that already exist, through more vigorous marketing efforts. In addition, it can also perform market development in the sense of introducing a product or service that already exists into new territory. Product development is carried out in order to be varied and products developed should also be innovative, among others make products with higher quality, adding or supplementing with latest technology equipment, and increase promotion of good direct sales or through the medium of the internet

## **5.1 Discussion**

Based on the research results then can be described by the external environment variables which are the opportunities and threats as well as the internal environment as strength and a weakness. The strategic position of agro-tourism Luwak is coffee grow and develop (grow and flourish), innovation as a competitive advantage in improving marketing performance by using intensive strategy.

### **A. Variables into strengths, weaknesses, opportunities and threats of Luwak coffee agro-tourism in Bali.**

1. The variables that become the strengths and weaknesses of agro-tourism in Bali

Nowadays, agro-tourism become indicated by the power of indicators of innovation are technically in producing quality products with options, change the design in accordance with the wishes of the customer, develop ideas, changes in the distribution system, completeness of facilities, special pricing, service, location, employee appearance, the mastery of a foreign language, while the disadvantage is insufficient promotion and lack of mastery of the technology in the production process.

2. The variables into the opportunities and threats of the orchard, Luwak coffee

Based on the results of the analysis of agro-tourism opportunities from external environment is shown by an indicator of the Government's policy support area (licensing, support marketing support), labor easily obtainable, economic stability and access capital open wide, the social conditions of the communities associated with the lifestyle who want healthy life by consuming natural products without preservatives. Meanwhile, the number of incoming threats newcomers/the same products, the existence of goods substitution that can replace the product, the competition is fellow companies in the industry, the existence of bargaining power of buyers, the use of technology insufficient.

### **B. the agro tourism position of the current ones**

The results of the analysis it can be noted that the external environment at present with the value of the weighted total of 3.145 and value weighted total internal environment of 3,102. Position in the cell I mean The Orchard is in a position to grow and develop (grow and flourish) and workable strategy is a strategy of product development, market penetration and market development. The strategy of market penetration can be done by finding new markets for products or services that already exist, through more vigorous marketing efforts. In addition, the position in the cell can expand the market in the sense of introducing your product or service already exists to a new geographic area. Product development is carried out in order to be varied and products developed should also be innovative. Market Penetration that can be done by looking for the bigger market was already existed now through the aggressively marketing business. With these considerations, in addition to other considerations, such as the very necessary promotion results analysis matrix IE strongly supported with the implementation of a vigorous promotion especially in Luwak coffee products that have quality. Activities that can be done agro-tourism which; conduct advertising heavily and selectively on the same product owned by competitors.

For promotion can be done through advertising in the media like to do promotions on the internet. Advertising in the media is done considering the target market largely agro tourism leads to international markets. On the development strategy of the product of which can be done by adding or complete the product that already exist with a variety of innovations to produce a new product by having its own uniqueness as well as other creativity and various still a lot can be created with attractive rates.

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