Business Environmental Analysis with Competitive Profile Matrix Method on Market Optimization in Real Estate Company (A Case Study at Tangerang Selatan Area)

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ABSTRACT

This study aims to determine the competitiveness of real estate company as well as strategies that can be done company based on the level of importance and performance. The problem that often faced is about the competitiveness of business with other real estate companies that continue to grow. Otherwise, reduced sales turnover among the real estate companies become a serious problem for their financial status. Whereas, the company must make efforts to obtain the market share, change the sales strategy, and improve the concept of the human resource environment to achieve the target set by the company. By analyzing the real estate company’s sales turnover and competitiveness with competitive profile matrix (CPM) and boston consulting group (BCG) matrix method to visualize the existing condition occurred. The results of data processing of sales transactions in August 2015–July 2016 amounted to 569 units, in average, sales made by the company approximately 2 units/day. By observation from 3 Real Estate Companies in Tangerang Selatan showed that August 2015 has the lowest unit sold within the area by only 24 units sold, even though the sales were increasing by September 2015 but the trend are still degrading until July 2016. The study need the correct tools to visualize the problem and turn the result as opportunities for Real Estate Companies in Tangerang Selatan. Meanwhile the external factor evaluation matrix value shows 2.91, internal factor evaluation matrix value shows 2.48, the value of IE Matrix shows 2.69. As for the value of CPM obtained for 2.56, from GE McKinsey matrix showed the position of real estate at high industry attractiveness quadrant with a score of 3.88 and high business strength position with a score of 3.93. There was a growth rate of 52% and a relative market share of 1.31 using the BCG matrix. An appropriate strategy for real estate companies in Tangerang Selatan is a market penetration strategy to expanding their business directly to the consumer, product development to enhance the innovative housing product, horizontal integration (integrated horizontal) with the supplier to have economies of scale and joint venue with other business to enhance the markets of their products.

Keywords: IE Matrix, Competitive Profile Matrix, Boston Consulting Group Matrix

JEL Classifications: M21, R30, R38

1. INTRODUCTION

Nowadays, economic growth requires every company to manage every business activities that they have. Every company that conducts business activities must have the right strategy to survive the competition in the market. Strategy is a managerial process to develop and maintain in a harmony between corporate goals, corporate resources, and changing market opportunities in order to shape and adjust the business of the company and the final product, so as to achieve profits and growth rates in the right way. Tangerang Selatan as the satellite city to Jakarta, has been a right place or the optional places to stay. To whom works or studies at Jakarta, Tangerang Selatan became developed city in just few years and became another developed cities nearby Jakarta. Lots of infrastructure, services, and also businesses emerge in Tangerang Selatan.
Base on that case, Tangerang Selatan attracts lots of real estate companies to develop the area into a modern and harmony residential area. One of the biggest real estate companies in Tangerang Selatan is PT. Century 21, they have 3 tiers real estate companies within Tangerang Selatan such as Emerald, Crystal and Saphire. Anyhow, there are several problems occurs in business strategy at PT. Century 21 Crystal including unstable of sales.

From the above Sales Graph shown the highest sales were in September 2015 of 130 units sold, while the lowest sales were in August 2015 of just 24 units. It can be seen that at the sale of PT. Century 21 Crystal has downward trend. The average sales between August 2015 and July 2016 that PT. Century 21 Crystal obtained is about 49 unit sold/month. From data above, if this condition occurs for long period of time will damage the company with 42% downward trend. This is because PT. Century 21 Crystal has several competitors’ offers different types of housing and also with various pricing range. Among century 21 company line based in Tangerang Selatan, Crystal has become the second tier with a total sales of 569 units sold.

PT. Century 21 Crystal need to set the strategy to differentiate its business to achieve competitive advantages. According to (He et al., 2013), (Martin et al., 2017) state that one of the factors to achieve competitive advantage by calculating company productiveness by focusing into output from a level of input being consumed. The main productiveness shown by its employee ratio and its output being produced. PT. Century 21 Crystal in line with these theory, sales is promotes by its employee itself called the broker. The productiveness level for each broker need to be calculated and as efficient as possible.

Table 1 shows that the most productive branch is PT Century 21 Saphire with only 42 employee obtained 528 unit sold with average sales 12.6 unit sold/employee. This happens because those 3 tiers of property agent has their segment market, data above also strengthen the theory about market segmentation that support company sales. Otherwise, the opportunities that Property Agent in Tangerang Selatan for 2016 has 1,593,812 inhabitants. Based on Badan Pusat Statistik Tangerang Selatan shows that the growth rate of inhabitants in Tangerang Selatan from 2010 to 2016 has average of 3% increment. These condition could be the opportunities for property agent to make a mapping for their marketing campaign and also promotion to boost the sales.

Based on this situation, a proper research need to be done to determine the set of strategy that property agent should focus to boost their sales in Tangerang Selatan area. The study aims to show the competitive profile matrix (CPM) that property agent should have and able to assess the business to optimize the sales.

2. LITERATURE REVIEW

2.1. Strategic Management
According to (Studer, 2016) state that Strategic management is a set of managerial decisions and actions that determine the company’s performance over the long term. The four basic elements in the strategic management process include environmental observation, strategy formulation (strategic planning or long-term planning), strategy implementation, and evaluation and control. Strategic management emphasizes the observation and evaluation of environmental opportunities and threats by looking at the strengths and weaknesses of the company.

(Chen et al., 2016; Song and Chen, 2014) agree that strength of the company comes from innovation, innovation become a key and has a significant role in social and economic development assuring economic competitiveness. In other ward, innovation is an element to develop achievement and also it relies on the operations core competency of a firm (Ascher and Krupp, 2010). Nowadays, quality assurance of the product itself depend on the core competencies and innovative product which company produced. Based on that condition, strategic management divided into 4 classification such: (1) Integration Strategy, integrate the business along supplier and focal company. (2) Intensive strategy, focusing on the market and product to become compatible to the market. (3) Diversification strategy, the aim of the strategy is to produce differentiate product/service from competitor. (4) Defensive strategy, the aim is to protect the company to be able survive in the market.

Furthermore, there are connection between Strategy management and competitiveness strategy. Focusing on to survive in the market are similar to become competitive, according to (Telha et al., 2016) that every company in compete in a market, will have strategy even explicit or implicit. By doing so, it helps the company to understand the company position among the competitor.

2.2. Marketing Strategy
In order to achieve the opportunities, company directs its business activities to be able to produce a product that can provide satisfaction to the consumer so that within the period and the number of certain products can be obtained profit as expected. By that manners, companies enhancing their core competencies to obtain innovative product. By that time the product has been produced, there must be a way to sell the product to continue the investment circulation. Afterward, marketing strategy need to be set up, based on (Ingenbleek and van der Lans, 2013) market strategies implementation will have significant impact on the performance of marketing campaign. Furthermore, marketing performance consist of the sales volume, profit and market share.

<table>
<thead>
<tr>
<th>No.</th>
<th>Businesses name</th>
<th>No. Employee</th>
<th>Sales</th>
<th>Average sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PT. Century 21 Emerald</td>
<td>65</td>
<td>642</td>
<td>9.87</td>
</tr>
<tr>
<td>2</td>
<td>PT. Century 21 Crystal</td>
<td>50</td>
<td>569</td>
<td>11.3</td>
</tr>
<tr>
<td>3</td>
<td>PT. Century 21 Sapphire</td>
<td>42</td>
<td>528</td>
<td>12.6</td>
</tr>
</tbody>
</table>

Source: PT. Century 21
3. RESEARCH METHODOLOGY

This study using qualitative data with questionnaire as a tools to do data pooling, describe by using descriptive statistic to explain and discuss about the data. To analyze the company position in the market, then the method of analysis used is SWOT analysis method that compares the external factors of opportunities and threats of the company. Similarly, internal factors are the strengths and weaknesses of the company examine by the same procedures (Ovidijus, 2013). Then supported by other analytical methods, namely: CPM and BCG matrix.

This study using key factors for each tools used; from each of the key success factors are given weight and assessment. Weight and assessment were conducted using questionnaires. Then multiply the value of weight and rating value for each company and the key factor of success. To obtain accurate data that is reliable and relevant to the problem under study, the data collection is done by several methods: (1) Interview (2) observation (3) questionnaire (4) literature review.

The variables described above are then measured through the questionnaire distribution, where there will be two types of questionnaire types that the researcher will spread. The first questionnaire will researchers spread to the management of PT. Century 21 Crystal and the second questionnaire will disseminate to consumers or consumers who have made property purchase transactions in PT. Century 21 Crystal or feel the service that has been given PT. Century 21 Crystal.

The research will use SWOT analysis to know the position of the company’s competition position. Where to find out, there are several steps that researchers should do, namely the use of internal factor analysis and external factor analysis. IFE is an analysis used to identify how much strengths and weaknesses the company has. While EFE is the analysis outside the company, in order to know the threats and opportunities owned by the company.

4. RESULT AND DISCUSSION

At the data collection stage, the data collected includes all property sales from 2015 to 2016. In addition to using sales data which is primary data also collect secondary data that is in the form of interviews with related parties.

4.1. EFE

External data are collected to analyze consist of economic, social, cultural, environmental, regulatory, political, governmental, legal, technological, and competition issues in the industrial markets where the company is located, as well as other external data.

Based on (Rizan et al., 2014) marketing about marketing strategy criterion are such as: (1) Baseline for strategy planning from the overall company businesses (2) general activity plan (3) identify company strength (4) flexible through changes (5) realistic and relevant. In short, marketing strategy are classified into: (1) Undifferentiated Marketing (2) Differentiated Marketing (3) Concentrated Marketing.

2.3. CPM

According to (Ovidijus, 2013) that an important strategic management tool to identify the strengths and weaknesses of key competitors in relation to the company’s strategic position. CPM shows a clear picture of the weak points and relative strong points of the company against competitors. The CPM assessment is measured on the critical success factors, where each factor is measured on the same scale for each company, but with varying ratings making it easier to complete a comparative analysis. In CPM analysis is done as a whole, external factors as well as internal factors. This is contrasted with internal and external company assessments through internal factor evaluation (IFE) and external factor evaluation (EFE).

In relation to the scope of research which is the property marketing industry, the key factors include five aspects, namely: (1) Market share (2) service quality (3) financial (4) price (5) company brand. There are four steps in developing CPM, among others, as follows: (1) Identify key success factors. (2) Determining rating or ranking on each key success factors (3) weighted score (4) total weighted score.

2.4. Boston Consulting Group Analysis (BCG Matrix)

The most widely used approach to corporate analysis is BCG growth or share matrix, created first by BCG (Schawel and Billing, 2011) with the following objectives: (1) Develop a market share strategy for product portfolio (2) Develop a company product portfolio so that its strengths and weaknesses are clear (3) Determine whether to continue investing for unprofitable products (4) Knowing the relative position of the business unit under study so as to get the appropriate strategy with the needs.

According to (Karlof and Loevingsson, 2005), BCG matrix graphically illustrates the differences between divisions in terms of relative share position and industrial growth rate. The BCG matrix allows a multidivisional organization to manage its business portfolio by observing the relative market share position and the industry growth rate of each division relative to all other divisions within the organization. The position of the relative market share is defined as the ratio of a division’s market share in a particular industry to the market share owned by the largest competitor in the industry. There are: (1) Quadrant I is called “question marks” (2) quadrant II is called “stars” (3) Quadrant III is called “cash cows” (4) quadrant IV is called “dogs.” In the BCG matrix, the relative market share is assumed to be directly proportional to the cash flow that firms earn while the growth costs the firm. A quadrant divider or divider is the outline to clarify the business’s success position (Schawel and Billing, 2014).
This is important because external factors directly or indirectly affect a company. These external factors include opportunities (opportunities) that are positive factors for firms and threats that are negative factors for the company.

To get the result of environmental regulations and protection can be calculated from rating value obtained from column “importance,” weight obtained from Rating value divided by total rating \(\frac{2}{3} = 0.06\) and for Score value obtained from weight divided by total weight chance plus total threat weight \(0.06/((1 + 1)) = 0.06/2 = 0.03\). “consumer protection” can be calculated from the rating value obtained from the “Importance” column. Weight is derived from the Rating divided by the total rating \(\frac{3}{31} = 0.10\) and for the Score value obtained from the Weight value divided by the total weight of the opportunity plus the total weight threat of \(0.10/((1 + 1)) = 0.10/2 = 0.05\).

By multiplying Score with response, we can get the total Score for External Factor coordinate. Total score for environmental regulations and protection \(0.03 \times 3 = 0.09\). By summarizing up overall factors total score, it will shows total EFE performance score = 2.91. Opportunity factors that have the greatest role is economic growth with a score of 0.24 \((0.06 \times 4)\) and followed by demographic factors and changes in information technology with a score of 0.20. The opportunity factors that have a positive role must be utilized as best as possible by the company. From the above EFE matrix can also be seen the greatest threat factor for the company is consumer confidence with score 0.24 and followed by monopolistic competition and economic growth rate with score 0.18. The threat factors that have a negative role for the company must be faced with the strengths and opportunities that the company has in order to continue to conduct this property marketing business.

4.2. IFE

Internal data is collected to analyze matters relating to financial, labor, corporate operations, and other internal data. This is important because internal factors directly affect a company. Internal factors include strengths that are positive factors for the company and weaknesses that are negative factors for the company. To get the result of “Product and Service Planning” can be calculated from Rating value obtained from column “importance,” weight obtained from Rating value divided by total Rating Rating \(\frac{2}{58} = 0.03\) and for Score value obtained from rating value multiplied by value weights \(2 \times 0.03 = 0.06\).

Calculation or IFE matrix (IFE matrix) to calculate the internal factors that affect in Century 21 Crystal company. These factors are obtained from the data collection that has been done on the company PT. Century 21 Crystal. Then for each of these factors are given weighting and rating through focus group discussions with one of the company’s managers and property marketing experts. Due to the number of internal factors available, the weighting and assessment are carried out by questionnaire. The score value of “product and service planning” is obtained from the weight of the multiplied rating \(0.03 \times 3 = 0.09\).

To calculate IFE total score, similar with EFE calculation. Known, that the total score obtained by PT. Century 21 Crystal for internal factor is 2.48. The strength factor that has the greatest role is the price and quality of PT. Century 21 Crystal with a score of 0.28 and followed by the level of consumer confidence with a score of 0.20. Internal Strength factors that have a positive role must be utilized as best as possible by the company. From the IFE matrix above also known that the biggest weakness factor for the company that is dependent on the brand of products marketed with a score of 0.14 and followed by information systems and low production capacity with a score of 0.10. The weakness factors that have a negative role for the company should be avoided and enhanced by the strengths and opportunities that the company has in order to continue to implement the property marketing business.

4.3. CPM

Based on the results of the situation interviews of three experts consisting of functional managers of finance, human resource and development, and marketing depicted in the IFE and EFE Matrices can be compiled into CPM. The total score of IFE 2.48 on the horizontal axis and the total score of EFE 2.91 on the vertical axis puts PT. Century 21 Crystal in cell V on IE matrix. The V cell is part of the hold and maintain strategy division. In the strategy of maintaining, the market penetration and product development is a feasible strategy implemented by PT. Century 21 Crystal.

Market penetration strategy is a strategy that seeks to increase market share of existing products in the market through more intensive marketing efforts. This can be done by increasing the number of products, offering promotional items on sale, and adding product publicity. Product development strategy is a strategy that seeks increased sales by improving or modifying existing products or services. In product development effort requires big expenditure for research and development.

Furthermore, from each of the key success factors are given weight and assessment. Weight and assessment were conducted using questionnaires. Then multiplication of the value of weight and rating value for each company and the key factors of success.

Based on the CPM above, known that the market segmentation for PT. Century 21 Crystal and PT. Century 21 Emerald has the highest score with a score of 0.28 than PT. Century 21 Sapphire with a score of 0.21. Promotion made by Century 21 Emerald is superior with a score of 0.28 followed by Century 21 Crystal with a score of 0.21 and Century 21 Sapphire with a score of 0.14. The services provided Century 21 Sapphire is superior with a score of 0.21 compared to Century 21 Crystal and Century 21 Emerald with a score of 0.14. Technology service for better coverage is surpassed by Century 21 Crystal with a score of 0.20 compared to Century 21 Emerald and Century 21 Sapphire with a score of 0.10. The quality control given by Century 21 Sapphire is superior with a score of 0.15 compared to Century 21 Crystal with a score of 0.10 and Century 21 Emerald with a score of 0.05.

The experience given by Century 21 Emerald is superior with a score of 0.28 followed by Century 21 Sapphire with a score of 0.21 and Century 21 Crystal with a score of 0.14. Century 21 Emerald’s liquidity is superior with a score of 0.28 compared to Century 21 Crystal and Century 21 Sapphire with a score of 0.21. Profitability
Century 21 Crystal and Century 21 Emerald is superior with a score of 0.28 compared to Century 21 Sapphire with a score of 0.21. Based on the calculation of the total weighted weight for mapping the competition pattern of property marketing Century 21 Emerald is the first competitor with a score of 2.72 and Century 21 Crystal became the second competitor with a score of 2.56, while Century 21 Sapphire has a total score of 2.26.

5. CONCLUSION

Based on IFE matrix (IFE) competitiveness of PT. Century 21 Crystal is currently 2.48. The total score indicates that PT. Century 21 Crystal responds or reacts to interstate factors with mediocrity. The reaction made by the company is not quite good, but can be categorized as ordinary, the same as other companies. Based on the EFE matrix, the total score obtained by PT. Century 21 Crystal for external factor is 2.91. The total score indicates that PT. Century 21 Crystal responds to external conditions well or above average. The company reacts to external factors well, better than their internal conditions. Then alternative strategy suitable for company is a market penetration strategy, product development, horizontal integration (integrated horizontal) and joint venue.

PT. Century 21 Crystal should focus on achieving sales targets so that the company’s vision and mission can be achieved. Therefore, the management control system of PT. Century 21 Crystal needs to do evaluation and achievement of solutions if the sales target is not achieved. Management PT. Century 21 Crystal should be flexible and sensitive to changes in pricing policy in an unstable economic situation.

Application of selected alternative strategy should consider the feasibility and possibility aspects in its application are resolved with the condition of the company faced. Strategy formulation needs to be done periodically to get a dynamic market picture, for example in once a year or even half a year period, this is done because market conditions can change at any time. But of the four alternative strategies need to determine which strategy is most appropriate to the current state of the company condition.

REFERENCES


