

SWOT ANALYSIS FOR MARKETING STRATEGIES OF FAJAR MARGIYONO'S BAG AND LUGGAGE BUSINESS IN SURAKARTA



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Abstract

A marketing strategy is an integrated plan that guides businesses in achieving their marketing objectives. Fajar Margiyono Bags and Luggage, a small and medium enterprise (SME) established in Surakarta in 1990, faced intense competition and internal challenges following the owner's departure. This study aims to formulate an effective marketing strategy using SWOT analysis through a qualitative approach involving field studies with data collected via observation, interviews, and documentation. The findings indicate that the most appropriate strategy is the WO (Weaknesses-Opportunities) strategy, leveraging external opportunities to address internal weaknesses. Product innovation includes introducing eco-friendly and multifunctional luggage designs tailored to specific customer segments, such as travelers and professionals. Adopting digital technology entails creating an e-commerce platform, enhancing social media marketing, and utilizing customer relationship management (CRM) software to improve customer interactions. Strengthening distribution networks involves establishing partnerships with online marketplaces and exploring direct-to-customer (DTC) models through a robust website. The study also examines external threats such as economic downturns, market saturation, and rising raw material costs, recommending mitigation strategies like cost management, supplier diversification, and market trend analysis. An implementation roadmap includes short-term goals like launching new product lines and social media campaigns, mid-term goals like integrating CRM software and expanding distribution networks, and long-term goals like building a sustainable supply chain and investing in advanced digital marketing tools. By addressing internal weaknesses, mitigating external threats, and seizing market opportunities, this study contributes to the development of practical marketing strategies for SMEs, enabling improved competitiveness and sustainable growth.

Keywords: SWOT Analysis, Marketing Strategy, WO Strategy, SMEs, Competitiveness

INTRODUCTION

The rapid development of the industry requires businesses to adapt continuously and adopt effective strategies to remain competitive. Marketing plays a crucial role in ensuring a company's success by enabling its products to be well-received by consumers. Effective marketing strategies enhance consumer satisfaction, driving sales and achieving optimal profitability (Vioreliana Hardhiati & Sholahuddin, 2024). Small and Medium Enterprises (SMEs), such as Fajar Margiyono's bag and luggage distributor in Surakarta, are vital in supporting Indonesia's economy. SMEs contribute to job creation, poverty reduction, and equitable income distribution by promoting local products at both national and international levels (Seki & Armayana, 2021).

Fajar Margiyono's business operates independently, utilizing a simple, family-based management system (Maulana, 2020). To stay relevant in Surakarta's dynamic market, the distributor needs innovative and adaptive strategies. Recent challenges in the bag and luggage industry, such as declining demand due to reduced travel during the COVID-19 pandemic and shifting consumer preferences toward multifunctional and eco-friendly products, require proactive measures (Guntarayana et al., 2018). For example, consumers are increasingly favoring lightweight, durable, and sustainable materials. This shift highlights the need for businesses to innovate their product designs to meet these evolving preferences. Advancements in technology, such as the development of high-performance synthetic fabrics, and the growth of e-commerce, provide opportunities for businesses like Fajar Margiyono to expand their market reach by optimizing product distribution channels and adopting technological innovations (Astuti & Ratnawati, 2020). For instance, establishing an online store and leveraging digital marketing tools like targeted social media advertising could significantly enhance visibility and sales.

A SWOT analysis is essential for identifying the internal strengths and weaknesses, as well as external opportunities and threats, faced by a company. This strategic tool helps businesses like Fajar Margiyono evaluate their current position and develop future marketing strategies (Puspasari & Rabia, 2020). Key strengths may include efficient logistics and high-quality products, while weaknesses might involve dependence on limited suppliers and high production costs. Opportunities can arise from growing market demand for eco-friendly

products and advancements in logistics technology, whereas threats may stem from intense competition, fluctuating raw material prices, and global economic uncertainties (Hasanah et al., 2020).

Although previous studies have shown the effectiveness of SWOT analysis across various sectors, research specifically focusing on bag and luggage distributors remains limited (Sumarni et al., 2022). This study aims to fill that gap by applying SWOT analysis to identify the factors influencing the performance and marketing strategies of Fajar Margiyono's bag and luggage distributor. With this framework, the study intends to provide actionable insights for improving the company's business strategies, including targeting new consumer segments, differentiating products, and enhancing positioning. Additionally, the study will highlight limitations and recommend areas for further research to contribute to the broader development of similar businesses in the industry (Jayati et al., 2021).

REVIEW OF LITERATURE

RBV Theory

The Resource-Based View (RBV) approach emphasizes that a company's competitive advantage stems from its internal resources, which are valuable, rare, inimitable, and non-substitutable. In recent years, literature has explored the integration of RBV with the concept of dynamic capabilities to understand how firms can adapt to rapidly changing environments. Kero and Bogale (2023) conducted a systematic review of RBV and dynamic capability research, identifying key themes such as knowledge-based resources, human capital, and innovative capabilities as primary drivers of competitive advantage (iieta.org). Similarly, Ferreira and Ferreira (2024) mapped the development of RBV research, highlighting past, present, and future trends while stressing the importance of systematic analysis to understand the evolution of RBV within strategic management literature (emerald.com). These studies reaffirm the relevance of RBV in modern business contexts and the need to continuously integrate this perspective with other frameworks to address the challenges posed by market dynamics.

Marketing Management

Marketing plays a critical role in business growth, especially in goods and services. Kotler (1997) defines marketing as a social process where individuals or groups satisfy their needs and wants by creating and exchanging valuable products or services. According to Tialonawarmi & Olimsar (2022), marketing involves interconnected efforts like promotions, pricing, distribution, and customer service to meet consumer needs and generate profits. Its key functions include facilitating exchanges, managing physical distribution, and bridging producers with consumers through financing, risk management, and product standardization. The marketing system, as described by Yunisari (2023), comprises activities to create, promote, distribute, and price products efficiently using the 4Ps: product, price, place, and promotion, ensuring customer needs are met while achieving business objectives. The evolution of marketing management can be divided into five eras: the Production Era (mass production focus), Product Era (emphasis on quality), Distribution Era (channel optimization), Promotion Era (leveraging media), and Holistic Marketing Era (integrating consumer understanding and technology).

Marketing management involves planning, executing, and controlling strategies to attract and retain customers. Kotler and Armstrong in Meilany & Winario (2024) describe it as a process to build long-term relationships while adapting to market trends. The scope includes market analysis, pricing strategies, product development, distribution, and communication to ensure business sustainability and profitability (Safitri, 2018). For Fajar Margiyono, marketing management could focus on targeted digital campaigns and leveraging influencers to promote eco-friendly and innovative luggage designs to stay competitive.

SWOT Analysis

SWOT analysis identifies internal strengths and weaknesses, along with external opportunities and threats, to shape business strategies. Strengths might include a strong brand, while weaknesses could involve inefficiencies; opportunities may arise from market trends, while threats include competition or regulation. Damanuri (2020) states that businesses use SWOT to convert weaknesses into strengths and threats into opportunities, enabling companies to align their strategies with both internal capabilities and external environments for sustained growth and competitiveness. For example, while Fajar

Margiyono has efficient logistics, its product innovation lags behind competitors. Introducing smart luggage or modular designs could help address consumer demands and compete against international brands.

McKinsey 7S Framework

The McKinsey 7S Framework evaluates organizational performance by analyzing seven interconnected elements: strategy, structure, systems, shared values, style, staff, and skills. These are divided into "hard" elements (strategy, structure, systems) and "soft" elements (shared values, style, staff, skills). The framework emphasizes the interdependence of these components, where changes in one affect the others. It enables organizations to align internal operations with strategic goals, ensuring effective execution and fostering cultural cohesion (Kotler, 1997). For Fajar Margiyono, aligning its systems with digital transformation goals, such as training staff in e-commerce operations, could enhance efficiency.

PESTEL Analysis

PESTEL analysis examines external macro-environmental factors Political, Economic, Social, Technological, Environmental, and Legal that influence organizational decisions. Political policies, economic conditions, social trends, technological advancements, environmental concerns, and legal regulations shape market opportunities and risks. Businesses use PESTEL to understand external influences, ensuring they adapt their strategies to leverage opportunities and mitigate threats, often integrating these insights with SWOT analysis for a holistic strategic approach. For instance, leveraging the e-commerce boom by establishing an online store and adhering to environmental regulations by using sustainable materials could enhance Fajar Margiyono's market presence.

Porter's Five Forces Analysis

Porter's Five Forces Framework assesses industry competitiveness by analyzing the threat of new entrants, supplier power, buyer power, substitute products, and rivalry among competitors. High entry barriers or loyal customer bases reduce the threat of new entrants, while strong suppliers or buyers can shift pricing dynamics. Substitute products and intense competition push businesses to innovate and differentiate (Sakti Rumpoko et al., 2022). By understanding these forces, companies can strengthen their competitive positioning and

create strategies to enhance profitability and sustainability (Porter, 1979). For Fajar Margiyono, monitoring competitors' online marketing strategies and introducing unique product features could mitigate competitive threats.

Research Hypotheses

Based on the literature review above, the research hypotheses are:

H1: There is a significant impact of SWOT analysis data on the sales of bags and suitcases at Fajar Margiyono Bag and Suitcase Distributor.

SWOT analysis data influences the determination of marketing strategies at Fajar Margiyono Bag and Suitcase Distributor. Strategic marketing decisions are deeply influenced by analytical tools like SWOT, which provide a comprehensive understanding of market dynamics. Sudaryono (2016) describes SWOT analysis as integral to designing effective marketing strategies by addressing both internal efficiencies and external opportunities. Furthermore, Erma Setiawati et al. (2023) suggest that SWOT analysis helps businesses formulate targeted strategies to meet market demands, ensuring long-term sustainability. The ability of SWOT analysis to influence marketing strategies is also supported by Ahmad et al. (2024), who notes its role in developing competitive pricing, product planning, and promotional strategies.

H2: SWOT analysis data influences the determination of marketing strategies at Fajar Margiyono Bag and Suitcase Distributor.

To overcome competition and address digital transformation challenges, Fajar Margiyono could focus on training staff, investing in e-commerce infrastructure, and forming partnerships with tech firms to develop innovative products such as smart luggage. A detailed action plan, including specific steps for digital marketing, R&D investments, and leveraging influencers, is critical to achieving these goals.

RESEARCH METHOD

This research utilizes a field research method to gather data directly from the environment, such as communities, institutions, and organizations (Moleong, 2008). The method is qualitative, aiming to explore social phenomena in depth, with the data consisting of written or verbal descriptions of individuals and observed behaviors (W. N. Putri &

Sholahuddin, 2024). In this study, the researcher acts as the main instrument, collecting data through triangulation, with data analysis being inductive and focusing on meaning rather than generalization (Marani et al., 2024). The research is conducted through direct observation at the Fajar Margiyono Bag and Luggage Distributor in Surakarta, Central Java.

The research subjects include 15 employees from various departments, 5 stakeholders, and 20 customers of the company. The sample size was chosen to ensure diverse perspectives, representing different roles and customer segments. Primary data is collected through semi-structured interviews and direct observation, while secondary data is obtained from company documentation, including sales reports, marketing plans, and financial records. The inclusion of both primary and secondary data enhances the reliability and depth of the analysis.

Ethical considerations were integral to the research process. Participants were informed about the purpose of the study and provided written consent. Confidentiality and anonymity were assured, and participation was entirely voluntary. These measures align with ethical guidelines for qualitative research, ensuring the protection of participants' rights.

The collected data is analyzed using SWOT (Strengths, Weaknesses, Opportunities, Threats) to evaluate the internal and external factors affecting the company's performance. This analysis helps understand the internal conditions of the company, such as resources and infrastructure, as well as external factors, such as competition and market regulations (Rangkuti, 2015). The gathered data is then arranged in a SWOT matrix to formulate four main strategies: SO (Strength-Opportunities), ST (Strength-Threats), WO (Weakness-Opportunities), and WT (Weakness-Threats). Additionally, an Internal-External Matrix (IE) analysis is employed to evaluate the company's strategic position and determine the most appropriate strategy.

To ensure objectivity and minimize researcher bias, triangulation methods were used, including cross-referencing interview data with observations and secondary data. Reflexivity was maintained throughout the research process by documenting and reflecting on the researcher's potential biases. Data analysis steps included data reduction, simplification, and presentation in the form of narratives or graphics. Themes and patterns identified during the

research were analyzed to generate credible and relevant conclusions, while the integration of secondary data provided contextual depth to the findings.

While the qualitative nature of this study limits its generalizability to other SMEs, the findings offer insights that could inform similar businesses in the bag and luggage industry. Future studies could explore broader applications by including a larger sample size or comparative analyses across multiple SMEs.

RESULTS AND DISCUSSION

History, Vision, Mission, and Organizational Structure of Fajar Margiyono Bags and Luggage Distributor

Fajar Margiyono Bags and Luggage Distributor, founded in 1990 by Mr. Fajar Margiyono in Surakarta, has become an important player in the distribution of bags and luggage. Initially a reseller, the business transitioned into an independent distribution agency in 1993 and expanded its reach by collaborating with stores in Central and East Java. After the owner passed away in 2016, the business continued under the leadership of his family. The company's vision is to become the leading distributor of bags and luggage in Indonesia, focusing on product quality, a vast distribution network, and excellent customer service. Its mission includes maintaining high-quality products, fostering customer loyalty, ensuring employee welfare, and promoting innovation. The company aims to grow its market share, expand its distribution network, establish a trusted brand, create a positive work environment, and ensure customer satisfaction through competitive pricing. The company operates with a simple organizational structure, including the owner, marketing, finance, and warehouse divisions. The leader makes strategic and operational decisions, while the marketing division focuses on market research, strategy development, and product distribution. The warehouse division is in charge of inventory management, and the purchasing division handles order processing and payments. Fajar Margiyono offers various bags and luggage, including school bags, travel luggage, and accessories, targeting the middle to upper market segments.

Presentation of Research Data

This research uses qualitative data, derived from interviews, focus group discussions (FGD), and secondary sources like literature and company documents. Primary data were collected from the owner and customers, while secondary data supported the analysis.

Table 1.
Interview Data

Research Variables	Indicators
Marketing Strategy's Impact on Fajar Margiyono's Sales	Marketing Mix, Market Segmentation, Marketing Performance, Competitive Advantage
Strengths, Weaknesses, Opportunities, and Threats of Fajar Margiyono	Insights from Sales, Purchasing, and Warehousing divisions

Sources: Data Processed

Marketing Mix Product

Fajar Margiyono offers a wide variety of products including school bags, travel luggage, office bags, and casual bags. Their main market focus is school bags for children to high school students. The sales team shared that the company's established reputation contributes to consumer trust. "Distributor Fajar Margiyono is well-known in the local bag and luggage industry, having been around for over 30 years," explained Mr. Drajad, Sales Division Head. The company offers 12 brands of school bags and 5 brands of luggage with varying quality standards, from standard to premium.

Table 2.
Types, Brands, and Quality of Fajar Margiyono Products

Product Type	Number of Brands	Material Quality
School Bags	12 Brands	Standard, Premium
Fabric & Fiber Luggage	5 Brands	Standard
Outdoor Gear	1 Brand (Arei)	Premium

Sources: Data Processed

Pricing

When asked about pricing, Mr. Drajad responded, "Our prices are very competitive in Central and East Java. Fajar Margiyono ensures that prices remain affordable without compromising product quality." Pricing is determined by the manufacturer's "bandul price," which is then marked up for third-party distributors. The company targets consumers across various income levels by offering products that cater to lower, middle, and upper-market segments.

Distribution (Place)

Fajar Margiyono works with third-party wholesalers, distributors, and retailers, such as Luwes Group, Assalam Hypermart, and others in Central and East Java. "We don't sell directly; we involve third parties like wholesalers and retailers who help move products from the manufacturer to consumers," Mr. Drajad explained. Distribution methods often include door-to-door sales with various product samples for retailers. While the company has not fully embraced digital sales, it adapts to online shopping trends where necessary.

Promotion

Promotion for Fajar Margiyono is largely word-of-mouth among sales representatives and retail partners. "We rely on the strong network of our retail partners, who recommend our products to their customers. However, we recognize that our digital marketing is limited," said Mr. Drajad. Currently, the company uses WhatsApp and Facebook marketplaces for promotion but acknowledges the need for broader digital engagement.

Market Segmentation

The company's primary market includes school children and individuals needing stylish travel bags. "We target students across all levels and those who travel but still want to maintain style," shared Mr. Drajad. Geographically, the focus is on Central and East Java, with demographic segmentation targeting educational needs, travel, and outdoor activities. Government policies, such as the BBMKS, also play a role in supporting market access.

Marketing Performance

Fajar Margiyono aims to be a leading distributor of bags and luggage in Indonesia by providing high-quality products with excellent service and competitive prices. "We have a strong relationship with major retailers in Solo, which helps maintain our market presence," said Mr. Drajad. Despite challenges such as increased online shopping, Fajar Margiyono has managed to maintain a loyal customer base. The company experienced significant growth in 2021–2022 but faces a slower market in 2024.

Product Competitive Advantage

Fajar Margiyono Bags and Luggage has a competitive advantage in its extensive distribution network and product variety. Mr. Drajad, the company's manager, stated, "We

have been reaching the market for over 30 years, starting from traditional markets to modern ones through Luwes and major stores in Central and East Java." Additionally, Mr. Supar added, "We offer products across all price ranges, and even a big brand like Arei entrusts its products to us." Mr. Munajad also mentioned the competitive pricing: "Our prices are certainly competitive, and we often provide discounts for third-party customers." Mr. Drajad concluded, "We believe in our customers, and they trust us, which results in customer loyalty."

Strengths, Weaknesses, Opportunities, and Threats

Below are the results of the interviews regarding Fajar Margiyono Bags and Luggage's SWOT analysis:

Table 3.
SWOT Analysis of Fajar Margiyono Bags and Luggage

Respondent	Source	Strengths	Weaknesses	Opportunities	Threats
Respondent 1	Owner or Manager	Has a loyal customer base that continues to return due to the quality maintained.	Lack of promotion through digital media, limited reach.	Increase promotion through social media and e-commerce.	Competitors who have already utilized digital marketing.
Respondent 2	Sales or Marketing Staff	Good relationships with customers, leading to customer loyalty.	Lack of digital marketing training to improve online promotion skills.	Improve digital marketing skills to reach more customers.	Competitors with more modern, digital-oriented marketing strategies.
Respondent 3	Retail Buyer 1	Good quality products, neat stitching, strong material, and friendly service.	Centralized around one person, sometimes unclear and inconsistent pricing, lack of e-catalog.	More competitive business environment, lack of an e-catalog system.	Rapidly changing fashion trends and the growing education sector.

Respondent 4	Retail Buyer 2	High-quality and durable products.	Limited design variety, which may not always match customers' preferences.	Expanding model choices to attract more retail buyers.	Competition from other stores offering a wider range of products.
Respondent 5	Retail Buyer 3	Affordable prices compared to similar products in other stores.	Stock shortages, especially for popular models.	Providing more stock for popular models.	Buyers turning to online stores if items are out of stock.
Respondent 6	Wholesale Buyer 1	Guaranteed product quality, product diversification (local and imported), market leader in Solo Raya.	Losing key leadership, affecting work ethos and company innovation.	Collaborations with sectors like tourism, education, and government.	Failing to follow trends, declining demand due to economic conditions.
Respondent 7	Wholesale Buyer 2	More economical wholesale prices, suitable for bulk purchases.	Limited stock for specific models during high demand.	Increase product variety for more wholesale buyers.	Competition from other distributors offering larger discounts.
Respondent 8	Wholesale Buyer 3	Consistent product quality, suitable for resale.	Lack of an online ordering system for bulk purchases.	Develop an online ordering service to ease wholesale buying.	Risk of losing wholesale customers to more convenient online stores.
Respondent 9	Reseller 1	Competitive prices, providing a	Base prices fluctuate, making it	Offering special prices or additional	Competition from distributors

Respondent 10	Reseller 2	good profit margin for resellers. Good reputation in the local market, making reselling easier.	hard to set a consistent resale price. Limited model or color variety, which may deter new customers. Lack of varied promotions to attract new customers.	discounts for resellers. Add more models and colors to increase reseller interest. Attract more buyers through special discounts or regular promotions. Expand product variety to follow fashion trends and attract younger customers.	with more stable prices. Competition with manufacturers offering more flexible product variations. Online stores with big discounts making customers switch. Fast-changing fashion trends that reduce interest in outdated products.
Respondent 11	Local Community Member 1	Well-known products with trusted quality.	Easily accessible location, making it a preferred choice for locals.		
Respondent 12	Local Community Member 2				

Sources: Data Processed

Fajar Margiyono Bags and Luggage excels in product quality and competitive pricing, along with a loyal customer base. However, they face key challenges in digital marketing and limited product variety. To continue growing, the company should focus on digitalization, expand product options, and improve order management systems. Additionally, collaborations with various sectors and innovating to follow fashion trends could help the company remain competitive in an increasingly crowded market.

Internal Factors (Strengths and Weaknesses)

In this study, the first step in strategy formulation is to analyze the internal factors of the organization. Internal factors refer to elements within the organization that can be controlled by it. To ensure the relevance of these factors to the organization's condition, the McKinsey 7S Framework is used as a reference, as shown in the figure below:

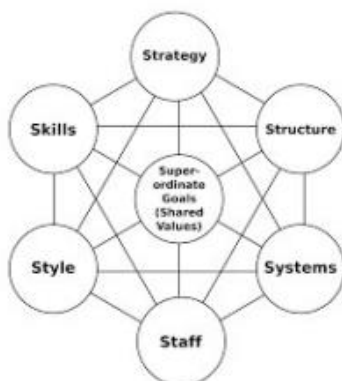


Figure 1.

McKinsey 7S Framework

All internal factors included in the McKinsey 7S framework are discussed with the organization's management and then grouped and summarized in the Internal Factors Analysis Summary (IFAS). This grouping aims to simplify and streamline the analysis process. The results of this grouping and analysis are shown in the following IFAS table:

Table 4.
Internal Factor Evaluation Matrix (IFE Matrix) for Fajar Margiyono Bags and Luggage

Key Internal Factors	Weight	Rating	Score
Strengths			
Product quality and logistics efficiency.	0.15	5	0.75
Organizational structure supporting quality and operational efficiency.	0.15	5	0.75
Efficient logistics system	0.10	5	0.50
Leadership supporting quality and efficiency	0.10	5	0.50
Total Strengths Score	0.50		2.50
Weaknesses			
Dependence on specific suppliers	0.10	3	0.30
Lack of product innovation	0.10	3	0.30
High production costs	0.15	3	0.45
Lack of product innovation training	0.05	4	0.20
Total Weaknesses Score	0.40		1.25

Sources: Data Processed

Strengths of Fajar Margiyono Bags and Luggage

Strong Reputation and Extensive Experience: With over 30 years of experience, this distributor has built customer trust and established good relationships with retailers in Central and East Java. This reputation helps in maintaining loyal customers. **Guaranteed Product Quality:** The products offered have high quality standards, especially for school bags, which meet local market needs. Other products, such as luggage and casual bags, are also well-received for their quality and reasonable pricing. **Efficient Logistics System:** Effective distribution and inventory management ensure timely delivery to meet customer demands.

Weaknesses of Fajar Margiyono Bags and Luggage

After identifying internal factors, the next step is to analyze the external factors affecting the organization. External factors are elements that come from outside the organization, over which the organization typically has no direct control. However, it is crucial for the organization to adapt and respond to these changes. To ensure the relevance of the external factors to the organization’s situation, we use the PESTEL analysis, as shown in the figure below:



Figure 2.

Components of PESTEL Analysis

(Source: <https://paydia.id/analisis-pestel-untuk-strategi-bisnis/>)

All external factors identified through the PESTEL analysis are discussed with the organization's management and then grouped and summarized in the External Factors Analysis Summary (EFAS). This grouping helps simplify the analysis process. The results of this analysis are presented in the following EFAS table:

Table 5.
External Factor Evaluation Matrix (EFE Matrix) for Fajar Margiyono Bags and Luggage

Key External Factors	Weight	Rating	Score
Opportunities			
Government support for local products	0.15	5	0.75

Increased demand for school bags and travel luggage	0.10	5	0.50
Rising public awareness of local products	0.10	5	0.50
Digital technology facilitating online marketing	0.10	5	0.50
Awareness of environmentally friendly products	0.15	5	0.75
Total Opportunities Score	0.60		3.00

Sources: Data Processed

Opportunities for Fajar Margiyono Bags and Luggage

Digital Technology Advancements: The increasing use of e-commerce provides an opportunity to expand online marketing and reach a broader market. Rising Demand for School Bags and Travel Luggage: Growth in the education sector and rising interest in travel increase the demand for school bags and luggage. Growing Awareness of Local Products: There is a rising appreciation for quality local products, providing a chance to expand the market by emphasizing the advantages of local production.

Threats are analyzed using Porter's Five Forces model, as shown in the figure below:

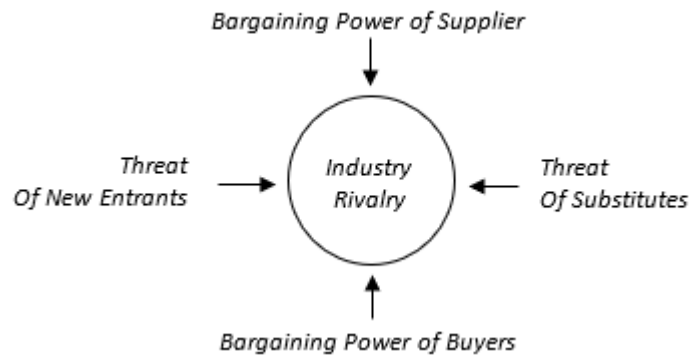


Figure 3.
Porter's Five Forces Model

The grouping of external factors aims to simplify and streamline the analysis process. The results of the analysis are presented in the EFAS table above:

Table 6: EFAS - External Factors Evaluation Matrix for Fajar Margiyono Bags and Luggage

Key External Factors	Weight	Rating	Score
Threats			
Ease of market access via e-commerce increases new competitors.	0.10	3	0.30

Dependence on certain suppliers may raise raw material costs.	0.10	3	0.30
Consumers have many alternatives with lower-priced products.	0.05	3	0.15
The growing popularity of eco-friendly and tech-featured bags attracts consumers.	0.10	3	0.30
Intense competition from imported products and online stores impacts profits.	0.05	3	0.15
Total Threats Score	0.40		1.20

Sources: Data Processed

Threats to Fajar Margiyono Bags and Luggage

The bag and luggage industry is highly competitive due to low entry barriers and the increasing role of e-commerce and social media, which reduce marketing expenses. Suppliers possess considerable leverage, as rising material costs can affect production and profitability. Consumers also hold strong bargaining power, with numerous affordable options to choose from, making product differentiation crucial. Moreover, the threat of substitute products with advanced features adds to the competitive pressure. To thrive in this market, companies like Fajar Margiyono must emphasize product uniqueness, quality, and innovation.

By analyzing these external threats using Porter's Five Forces, Fajar Margiyono Bags and Luggage can better understand the key challenges facing its business. Strategic recommendations include diversifying suppliers, innovating products, and enhancing digital marketing to remain competitive in a highly contested industry.

Table 7.
Identification of Internal and External Factors for Fajar Margiyono Bags and Luggage

Internal Factors	External Factors
Strengths	Opportunities
Product quality and logistics efficiency.	Government support for local products
Company structure that supports operational quality and efficiency.	Increased demand for school bags and suitcases for tourism
Efficient logistics system	Public awareness of local products
Leadership that supports quality and efficiency	Digital technology makes online marketing easier.
	Awareness of environmentally friendly products.
Weaknesses	Threats
Dependence on Specific Suppliers	Easy market access through e-commerce

Lack of Product Innovation High Production Costs Lack of product innovation training.	increases new competitors. Dependence on certain suppliers can increase raw material costs. Consumers have many alternatives for similar products at lower prices. The presence of environmentally friendly bags and technology features attracts consumers. Tight competition from imported products and online stores suppresses profits.
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Sources: Data Processed

Matriks SWOT

The SWOT Matrix is a strategic tool used to align a company’s internal strengths and weaknesses with external opportunities and threats. It helps evaluate how the company can use its strengths to exploit opportunities, address weaknesses, and defend against threats. The SWOT Matrix for Fajar Margiyono Bags and Luggage is presented below:

Table 8.
Identification of Internal and External Factors for Fajar Margiyono Bags and Luggage

IFAS	EFAS
Strengths (S) 1. Strong reputation and extensive experience. 2. Guaranteed product quality. 3. Efficient logistics system.	Opportunities (O) 1. Digital technology growth. 2. Increased demand for school bags and travel luggage. 3. Growing awareness of local products.
Weaknesses (W) 1. Dependence on certain suppliers. 2. Lack of product innovation. 3. High production costs.	Threats (T) 1. Competition from imports and online stores. 2. Changing trends and consumer preferences. 3. Fluctuating raw material prices.

Sources: Data Processed

By implementing a variety of strategies, Fajar Margiyono Bags and Luggage can leverage its strengths to seize opportunities, while addressing weaknesses and minimizing the impact of external threats. The S-O Strategy focuses on optimizing digital marketing through e-commerce and social media, highlighting the value of local products to attract consumers, and maintaining customer loyalty with loyalty programs. The W-O Strategy

involves developing new product variations to appeal to a broader market segment, adding alternative suppliers to reduce dependence on a single source, and creating more affordable products to compete with imports without compromising quality. The S-T Strategy aims to retain customer loyalty through a strong reputation and product quality, while ensuring product availability in line with trends to address shifts in consumer preferences. Finally, the W-T Strategy includes developing cost-effective products to remain competitive against imports and adding more product variations to mitigate the risk of losing customers due to changing trends.

The company's position in the market is evaluated by comparing its internal strengths and weaknesses with external opportunities and threats. Using the formula where $x = \text{Total Strengths (S)} - \text{Total Weaknesses (W)}$ and $y = \text{Total Opportunities (O)} - \text{Total Threats (T)}$, the results show $x = 1.25$ and $y = 1.80$. These values indicate that Fajar Margiyono Bags and Luggage has a favorable position, with strengths outweighing weaknesses and opportunities surpassing threats, which will help guide the company toward strategic decisions that capitalize on its advantages while addressing its challenges.

These values suggest that Fajar Margiyono Bags and Luggage has a favorable position, with strengths outweighing weaknesses and opportunities outpacing threats, guiding the company toward strategic decisions that capitalize on its advantages and address its challenges.

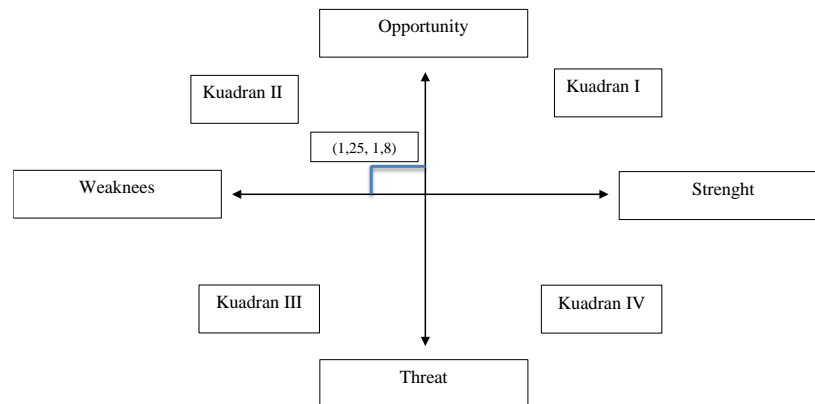


Figure 4.
SWOT Quadrant Analysis of Fajar Margiyono Bags and Luggage
Sources) Data Processed

Fajar Margiyono Bags and Luggage's SWOT analysis places the company in the following quadrants:

Quadrant I - Progressive Strategy (S-O Strategy): The company has strong internal strengths and external opportunities but should focus on addressing internal weaknesses to better capitalize on these opportunities.

Quadrant II - Diversification Strategy (W-O Strategy): With internal weaknesses (supplier dependence, lack of innovation, high production costs) and external opportunities (digital growth, rising demand for local products), Fajar Margiyono should focus on improving its internal capabilities to leverage these opportunities.

Quadrant III - Change Strategy (W-T Strategy): Internal weaknesses and external threats create vulnerability, and the company should focus on minimizing risks by improving efficiency, quality, and forming alliances.

Quadrant IV - Survival Strategy (S-T Strategy): The company should use its internal strengths to mitigate external threats, focusing on product diversification, entering new markets, and improving service quality.

Based on this analysis, Fajar Margiyono is positioned in Quadrant II and should prioritize internal improvements to seize external opportunities while managing threats.

Marketing Strategy Recommendations

Based on the SWOT analysis, Fajar Margiyono can adopt a W-O Strategy, which focuses on addressing internal weaknesses to seize external opportunities. The company should innovate its product offerings, such as introducing eco-friendly or technologically advanced bags and luggage, to attract a broader market. Additionally, diversifying suppliers will help reduce reliance on specific sources, enhancing flexibility and reducing costs.

Externally, Fajar Margiyono should capitalize on digital platforms, such as e-commerce and social media, to expand its reach, especially targeting younger consumers who prefer online shopping. As public awareness of local products grows, the company can promote its offerings as part of the local industry support movement, emphasizing product quality and durability to appeal to consumers seeking value-added products.

In terms of the marketing mix (4Ps), the company should innovate products with eco-friendly materials or advanced technology, ensure competitive pricing without sacrificing

quality, strengthen online distribution channels, and creatively promote products via social media campaigns that highlight local, sustainable products.

This marketing strategy aligns with the findings from previous studies by Mayang et al. (2020) and Rizky et al. (2022), which emphasize the importance of product innovation and diversification to strengthen competitiveness in a highly competitive market.

CONCLUSION

This study successfully identified a marketing strategy for SMEs using SWOT analysis, with the WO (Weaknesses-Opportunities) strategy being the most effective approach. By leveraging external opportunities and addressing internal weaknesses, the company can increase competitiveness through product diversification and the use of digital technology for marketing and distribution. The findings provide both theoretical and practical contributions, supporting the Resource-Based View (RBV) by demonstrating that unique internal resources, such as innovation and digital technology, play a crucial role in gaining competitive advantage. Specifically, the study highlights how SMEs can leverage digital tools and product diversification to position themselves uniquely in the market, addressing gaps in the existing literature by showing the tangible application of RBV in the SME context, especially in adopting modern technological solutions.

Practically, the findings offer guidance for managers to adopt strategies such as e-commerce and social media to improve competitiveness and market reach, and the methodology and findings can be adapted for SMEs in larger cities or different sectors, such as technology or manufacturing. Despite certain limitations, including the study's focus on SMEs in Surakarta and reliance on qualitative methods, these approaches provided valuable in-depth insights into SME operations. Future research should expand the scope to include diverse regions and industries, incorporate mixed methods to validate results, and explore dynamic capabilities to support internal resource management and adaptability to market changes, ensuring broader applicability and a comprehensive understanding of SME strategies.

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