ANALYSIS ON THE STRATEGY AND IMPLEMENTATION OF DIGITAL TECHNOLOGY IN THE XYZ COMPANY

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ABSTRACT
The agricultural sector grew by 2.19% y-o-y in 2020 and contributed to Indonesia's GDP of 15.46%. Agribusiness potential is one of the largest contributors to Indonesia's GDP. Not only that, the Covid-19 pandemic has forced the acceleration of digital transformation in business activities. This encourages the need for digital transformation for XYZ company to be able to survive in the agro-industry business. The application of Information and Communication Technologies (ICT) and the use of the Internet of Things (IoT) are challenges and opportunities for companies to carry out digital transformation. The existence of obstacles and challenges that need to be overcome by the company requires handling carried out in strategic and systematic steps in order to survive in the market. XYZ's challenges in implementing digital transformation lie in the level of penetration and understanding of digital technology, the use of technology that has not been maximized, and intense competition. Where XYZ also has digital opportunities because Indonesian people are starting to switch to online shopping patterns.

Keywords: agricultural, technology, strategy

1. INTRODUCTION

XYZ is a social community-based company established and developed over a decade. The company works closely with hundreds of local communities consisting of tens of thousands of farmers and thousands of artisans of traditional products throughout the archipelago. XYZ has production locations such as Sumatra, Java, Kalimantan, Sulawesi, Flores, Ambon, and Papua. The company has marketed more than 200 food products that are certified organic and have collaborated with 50 thousand producers. In 2017, XYZ produced 600 traditional handicraft products. However, this company has not focused on modern technology. Every year, the company produces 100 new products. The company's product categories include rice, grains, spices, spices, honey, jam, flour, noodles, pasta, snacks, nuts, coconut oil, coffee, and tea, as well as unique hampers & gifts such as newsprint and stone processing. The company's basic values are nature conservation, biodiversity heritage, and the welfare of farmers, fishermen, and traditional food craftsmen. Thus, the company has an organic, quality, unique, and conventional product image. Resource management, quality, and quality control are the company's competitive advantages in maintaining Indonesia's rich culture and traditions. In major cities, namely Jakarta, Surabaya, Semarang, Yogyakarta, Medan, Makassar, Banda Aceh, Bandung, Bali, Balikpapan, Lampung, Samarinda (25%) are carrying out marketing activities, and in almost 30 countries around the world (75%). XYZ experienced a decline in profitability, inventory turnover, and liquid ratio in 2014 and 2015. However, in 2016 the company began to supply 300 supermarkets, hotels, and restaurants in Indonesia and employed 90 employees, so the average turnover growth was 100-130% per year. Year to reach 50 billion rupiahs. The development of ICT (Information and Communications Technology) is a challenge and opportunity for companies to carry out digital transformation. The agricultural sector grew by 2.19% y-o-y in 2020, contributing to Indonesia's GDP of 15.46% [1].
Agribusiness potential is one of the largest contributors to Indonesia's GDP. Additionally, the Covid-19 pandemic has forced the acceleration of digital transformation in business activities [2]. This situation encourages the need for digital transformation for XYZ company to be able to survive in the agro-industry business. The application of Information and Communication Technologies (ICT) and the Internet of Things (IoT) are challenges and opportunities for companies to transform digitally. The existence of obstacles and challenges that need to be overcome by the company requires handling carried out in strategic and systematic steps to survive in the market. XYZ's challenges in implementing digital transformation lie in the penetration and understanding of digital technology, using technology that has not to maximize, and intense competition. Where XYZ also has digital opportunities because Indonesian people are starting to switch to online shopping patterns. So to overcome these threats and opportunities, we developed several strategies to increase the brand awareness and online presence of the XYZ company, increasing the productivity and profit of the XYZ company in the era of digital technology and making the XYZ company the market leader in the market. Based on the analysis, these goals can be achieved with the Grow and Build Strategy. This strategy can carry out with a series of strategies such as; product development with agriculture technologies automatization, XYZ employee socialization, and marketing platform optimization; market penetration with social media platform activation, XYZ x e-commerce; and market development with the #HealthyWithinAClick digital campaign and KOL endorsement.

2. RESEARCH METHOD

Analysis

Digital transformation is considered to be massive in 2021, and the Covid-19 pandemic has made the potential for the digital economy to expand to more than US$124 by 2025 [2]. The government also believes that the pandemic opens up opportunities to accelerate further the national digital transformation agenda that can create a strong and prosperous digital ecosystem [3]. Information and communication technology (ICT) is one of the sectors that grew by 9.81% due to the pandemic [4]. Additionally, the agricultural sector is one of the main buffers for the national Gross Domestic Product (GDP), which increased by 15.46% in 2020 [1]. National agro-industry capabilities and economic digitization opportunities encourage the digital transformation of various industrial sectors, one of which is the agro-industry sector. Digital transformation in Indonesia in the agro-industry sector is growing. Thus, XYZ needs digital transformation to face competitors and prosper local farmers and artisans. For this reason, companies need to know the opportunities, threats, and challenges in facing digital transformation through various analyses.

SWOT Analysis

Based on the results of the SWOT analysis, it can be seen that company XYZ has several advantages and disadvantages. The advantages of this XYZ company have an extensive sales network at home and abroad. An extensive network of cooperation with local farmers and artisans partners, the strategic location of production locations spread across the archipelago, quality product image organic, high quality, unique, and traditional. Lastly, there is a production quality control process. However, the shortcomings of the XYZ company are because most of the farmers are more than 40 years old. More than 70% of Indonesian farmers have an elementary education equivalent to the lack of mastery of technology [5], lack of mastery of technology in digital marketing [6], internet connection in the village is still not
supportive [7], and the online presence is not yet strong. The development of the XYZ company is also supported by opportunities that allow the company to grow, such as the increasing potential of the organic vegetable market [8]—increasing private label products in the modern retail market [9]. Sales online during the pandemic increased by 69%, increasing the demand for logistics services [10]. Implementing digital capabilities can increase the productivity of MSMEs on a massive scale [11], and E-commerce platforms can provide confidence and certainty for farmers in the market [12]. For every business opportunity, a threat must come from both the area and within the company. Similarly, the XYZ company has threats, such as the quality of human resources that have not been prepared for digital transformation [13]. There are more new and creative market competitors [14] and Changes in consumer behaviour using e-services. Commerce [15], and finally, the rising prices of necessities [10]. Within shortcomings and threats to the company, it is hoped that the company can be more careful about the risks that can occur at any time, make the company a strong company and continue to compete in the future.

**PESTLE Analysis**

Government policy wants to strengthen the yard plant program that utilizes the land in each resident's house [16] and limit export activities to increase competitiveness [17]. BPS data shows that the GDP of the agricultural sector experienced positive growth of 2.1%. Agriculture, forestry and fisheries dominate the business field processing industry by 14.68 per cent. The role of agriculture and several other industries in the Indonesian economy reached 54.1%. The national economy in the third quarter of 2020 grew by 5.05% [18]. Lack of knowledge makes problems such as capital, difficulties in accessing markets, and non-transparent transactions occur, causing farmers in Indonesia to become unwell. Not to mention the many farmers who do not know how to maintain good product quality for sale [19]. The Ministry of Agriculture with LIPI requires field testing related to the agricultural sector, such as research on superior seeds based on genetic engineering and post-harvest technology and process technology. The government also provides superior seed technology for all food commodities, ranging from rice, food, and horticulture to plantations [20]. The existence of Law No. 19 of 2013 concerning the Protection and Empowerment of Farmers, Law No. 19 of 2002 concerning Copyright, and Law No. 18 of 2012 concerning Food. Based on the results of the re-calculation in 2019, the government currently records 7,463,948 hectares of raw rice fields [21]. Indonesia's soil is fertile because it is located at the equator, so it is automatically exposed to the sun throughout the year, creating high evaporation, which ultimately creates high rainfall, and is ready to be planted with any tropical plants [22].

Based on PESTLE Analysis, it can be concluded that there is growth in the agricultural sector and the presence of increasingly advanced technology in the agricultural sector and digital technology is an opportunity for XYZ company to carry out digital transformation from the production and marketing side. However, the management of human resources regarding the knowledge and education of farmers is not optimal. Thus, it is not easy to maintain good product quality for sale due to not knowing how to use the technology.

**PORTER FIVE Analysis**

The threat of new entrants is low. Where state-owned enterprises still control the agro-industry, empowerment of local handicrafts in Indonesia requires the fulfilment of complex requirements, and investment in this industry has not yet developed. Threats of substitute products or services is low. Commodities offered by XYZ are staples with a low product
substitution level. However, there are challenges in facing competitors who offer lower prices. Rivalry among existing competitors is high. Local agro-industry and handicrafts have stiff competition in developing their technology to suit the latest industry. Bargaining power of suppliers is high. XYZ has supplier partners reaching hundreds of local communities in the agricultural sector; thousands of artisans, and 50 thousand producers have become company partners. Bargaining power of buyers is high. The demand for food products (horticulture) has increased during the covid-19 pandemic [23] and tends to shop online [24]. Based on Porter's Five Forces Model, which according to David & David (2017), can be used to develop strategies in various industries, we can see that XYZ has a high level of competition with companies in the same industry. To overcome the high level of competition, XYZ can highlight its competitive advantage in implementing digital transformation, where XYZ can highlight its characteristics, namely organic, quality, and unique.

**Segmenting, Targeting, and Positioning Analysis**

Based on consumer segmentation analysis, we can conclude that potential consumers for XYZ company include international and national consumers, men and women from generations Y to X, workers as employees or homemakers, and middle to upper economic class to upper economic class. They have a modern or traditional lifestyle, like local products, attach importance to quality, taste and health, and often consume local products. Based on STP Analysis, we can position XYZ's products as “Healthy and quality local products”. So that XYZ can take strategic steps focusing on the segment and the target market that has been determined to position its products in the market.

**Key Triggers and Key Barrier**

The key triggers that can be found are the high nutritional value of the product and a healthier lifestyle [25], various products, ease of purchase transactions, and the safety of high product consumption. While for the key barriers we found, namely the prices of competitors' products are easier, the distribution of products is still uneven, the consumption of local products is minimal, and the government is still importing the same products as local products [26]. Based on consumer segmentation analysis, we can conclude that potential consumers for XYZ company include international and national consumers The threat of new entrants is low. Where state-owned enterprises still control the agro Based on PESTLE, SWOT, and Porter's Five Forces Model analysis, the company's weaknesses and threats can be identified in facing the company's digital transformation. These weaknesses and threats include: Low internet penetration and people's understanding of digital technology. Only 4.5 million farmers use technology, and the internet and 28.9 million farmers do not use the internet [27]. Low education makes it difficult to implement digital transformation because they cannot understand how to use the technology. Thus, local Indonesian farmers and artisans are less able to utilize digital technology in production and marketing activities. Use of technology that has not been maximized. XYZ has not performed optimal online penetration, which is the company's weakness in efforts to handle existing technology in increasing online presence. The company has not reached the existence of other platforms besides websites, such as e-commerce and social media platforms. Intense competition in the same industry. Agro-industry and local product industries generally have conventional operations. However, many companies are starting to implement digitalization to excel in the market. Thus, the competition in the use of digital technology is a challenge and a threat for XYZ in carrying out its company's digital transformation to survive in the market.
3. RESULT AND DISCUSSION

Strategy

Based on these analyses, we suggest a series of strategic steps to help XYZ company face digital transformation with the following objectives: 1) Increase brand awareness and online presence of XYZ company, 2.) Increase XYZ company's productivity and profit in the digital technology era, 3.) To make XYZ company the market leader in the market.

Agriculture Technologies Automatization

The background of this agriculture technologies automation strategy is that Smart farming will revolutionize food production. Farming can be done virtually by using autonomous tractors operated by GPS, automation of fertilization and watering systems, satellite satellites for real-time location images, and drone-based monitoring [28]. Investments in advanced technology can improve a company's infrastructure and production [28] and make it easier for farmers to work. Additionally, the automation of production with a digital system will accelerate the company's digital transformation process. This strategy aims to accelerate the digital transformation process of XYZ company from the production side, simplify and optimize food production and increase production efficiency. The steps that XYZ will take are the first to conduct research and analysis on the technology needed for the company's production activities, collaborate with freelancer app developers to create an application/website system that can help monitor and manage production activities (tracking system), then look for technology and buying technology that can help agricultural activities such as transplanters, Indo Combine Harvesters, drones—conducting socialization with farmers regarding how to use and use technology and performing periodic maintenance and evaluation of technology tools.

XYZ Employee Socialization

The background of this strategy is due to the low level of education and lack of training in the use of modern technology, which are factors that the agricultural sector is still traditional [29]. So, it is necessary to adapt digital transformation to farmers and artisans. XYZ needs to enter the digital transformation era because the rapid development of digital technology provides many business opportunities that company stakeholders can utilize. The purpose of this strategy is to increase the knowledge of farmers and artisans about digital technology. Increased knowledge of digital technology is expected to simplify the product production cycle. To implement this strategy, it is necessary to do an analysis and determine the location and time, make a socialization plan so that it runs efficiently and effectively, hold a meeting with the head of the RT/RW of the local area to find out the number of farmers and artisans in the village, hold webinars and workshops to learn about progress technology, and evaluating the results of socialization for the next development.

Marketing Platform Optimization

This strategy is motivated by an online business which is certainly profitable during the pandemic because people are required to do physical distancing. In addition, information easily spread on social networks can also be referred to as free marketing [30]. The convenience of online purchases through their website will be very beneficial. The website can market products to a wider range of visitors in the country and abroad. This strategy aims to increase business
credibility to become more trusted with information that can be accessed through the marketing platform, save time and company budget by digital means, facilitate buying and selling anywhere and anytime, and expand the sales network to international regions. The steps in implementing this strategy are forming a team to manage the XYZ company website, improving the performance of the XYZ company website, collaborating with logistics services such as Gojek and Grab, collaborating with financial and e-wallet partners such as (mBCA, OVO, Gopay, DANA, etc.) and evaluating the optimization performance of marketing platform for XYZ company.

Social Media Platform Activation

The background of this strategy is that it begins with reports from We Are Social and Hootsuite revealing that more than half of the population in Indonesia is "literate", aka actively using social media in January 2021 [31]. According to data 160 million Indonesians are active social media users. Various popular social media such as Instagram, Facebook to Twitter have different functions and purposes. XYZ company needs to be active on social media platforms through Instagram, Facebook and TikTok, which can increase its online presence. The goals to be achieved by XYZ are to increase brand awareness, brand engagement, and e-WOM to the public at affordable costs and a segmented audience. The steps in carrying out this strategy are: Creating Instagram, Facebook and TikTok social media as XYZ's new social media business accounts, then designing an attractive social media upload concept, conducting content marketing updates regularly on Instagram and Facebook, making uploaded product videos on XYZ's TikTok, and observing and evaluating visitor traffic and insights on social media Instagram, Facebook and TikTok.

XYZ E-commerce

This strategy is motivated by the Covid-19 pandemic, which drastically increased online shopping transactions. This situation also makes E-commerce companies in the country earn much money. E-commerce has technology and innovation, access to funding, market access, and logistics systems. 92% of MSMEs that have been digitized claim to have experienced effective benefits in E-commerce [32]. To take advantage of the current situation and conditions, XYZ should collaborate with E-commerce in Indonesia, namely Tokopedia, Shopee, Grab (GrabMart) and Gojek (GoMart). This strategy aims to clarify market gaps for XYZ's business by utilizing data and information from E-commerce and Utilizing E-commerce as personal shopper assistance to help XYZ sales, achieve targets and expand market share. The steps in implementing this strategy are to conduct analysis and determine the right e-commerce, discuss plans and enter into cooperation agreements with the selected e-commerce, and cooperate with e-commerce; XYZ provides special products that can only be purchased through e-commerce. E-commerce, making special packaging for consumers who buy through E-commerce, offering special prices for purchases through E-commerce and Evaluating the company's digital sales through E-commerce.

Digital Campaign #HealthyWithinAClick

The background of the Digital campaign strategy is the marketing activities of a brand or product using digital media [33]. The PwC (2019) survey shows that 39% of consumers first access social media to find ongoing trends. The penetration rate of internet and social media in Indonesia is relatively high, namely 64% and 59% and continues to increase. This situation is
an opportunity for XYZ company to market its products and develop market penetration following the selected target and consumer segment. This strategy aims to increase brand awareness and online social presence, increase e-WOM (electronic word of mouth) and engagement, introduce and educate consumers that XYZ products are digitally accessible and increase sales and market share of XYZ products. To implement this strategy, steps are needed to implement it starting with designing the #HealthyWithinAClick campaign concept, which educates the message that XYZ offers an easy shopping experience (with just one click) and provides healthy products for local food and handicraft products. Holding a campaign in various social media, especially Instagram, Inviting consumers to experience an easy shopping experience and inviting consumers to share their experiences with the hashtag challenge #AClickWithXYZ, Giving attractive prizes to consumers who tell the most interesting shopping experiences and Evaluating the results of campaigns at XYZ company.

Key Opinion Leader Endorsement

According to Nielsen, this strategy is based on 92% of consumers trusting personal recommendations more than advertisements. This fact shows that word of mouth is still an effective marketing method for marketers. Key opinion leaders (KOL) are experts in certain fields, and the community will follow that person’s opinion because their opinion is valid and because they understand certain fields. The influence makes 20%-50% of consumer purchasing decisions of e-WOM through KOL. With the help of KOL, brands can target a more specific audience. This strategy aims to increase e-WOM, brand awareness, brand interest, and brand image from the public, market share through selected KOL uploads, and income from products sold by XYZ. The steps in implementing this strategy are analyzing and determining KOL suitable for XYZ products, such as Willgoz and Anakjajan. Furthermore, discussing cooperation plans and entering into agreements with the selected KOL, Cooperating with KOL by endorsement by sending XYZ products to KOL for promotion, providing discounted price/referral code to consumers who use the KOL code and evaluating the work of KOL against company XYZ. Monitoring and Control Plan

Discussion

Key Opinion Leader Endorsement

To evaluate performance to achieve organizational targets, a monitoring and control plan is prepared using Key Performance Indicators. In measuring the strategy of agriculture technologies automation, it is necessary to increase production capacity by up to 7%. Furthermore, for XYZ employee socialization, the effectiveness of using technology needs to increase to 5% and employee job satisfaction to increase to 6%. The next strategy is to use marketing platform optimization, indicator measurement is done by measuring the number of first-year users to reach 2,000 accounts, and the increase in website and application users also increases by 5%. The social media platform activation strategy will be successful if the first year’s followers (subscribers) reach 10,000 users and the conversion rate from likes, posts, and ads reach 5%. Then, the XYZ x e-commerce strategy is considered to be running well if there is an increase in sales of up to 7%. The success of the #HelathyWithinAClick digital campaign strategy is measured if the conversion rate of likers posts and ads is reached up to 4%. Then the last strategy is KOL endorsement can be measured by a conversion rate reaching 6% of the KOL subscriber audience. Each suggested strategy, of course, has its own risk and level of risk. Therefore we analyze our system’s chances based on the likelihood and impact of these risks and conclude the dangers of these strategies. The possible risk for the agriculture technologies
automation strategy is the lack of willingness to learn and get used to the old way of working so that we can convince and ensure that this new method is easier and more useful. The second strategy, namely the socialization of XYZ employees, has a risk of a lack of time to increase the knowledge of XYZ employees. The solution is to make a time plan which consists of 3 parts, which are used to ensure that XYZ employees understand. Marketing Platform Optimization has a risk of poor performance of the website and applications of the XYZ company. Still, it can be overcome by checking regularly and continuously updating the website and application of the XYZ company.

Key Opinion Leader Endorsement

Social media platform activation also risks a lack of available human resources to run the system. The solution to this risk is dividing the excess human resources in a department to be specified. Furthermore, the XYZ company for E-Commerce strategy, whose danger lies in the many provisions and requirements of the e-commerce parties regarding the establishment of stores and funding incentives, but the XYZ company can adjust it. Then the digital campaign #HealthyWithinAClick also has the risk of a lack of public interest in participating in the campaign. Therefore XYZ company must create an interesting drive and be able to increase socialization in the community. The last strategy is KOL Endorsement with the risk of failed cooperation due to contract violation by KOL, so the company must provide a fine or cost reduction or profit sharing to the KOL, with the condition that the penalty and cost reduction have been stated in the contract agreement. Through risk analysis and action plans, it is hoped that when the strategy being implemented suddenly encounters problems, the company will no longer feel panicked because it already has an action plan prepared.

4. CONCLUSIONS AND RECOMMENDATIONS

We hope that the analysis and strategies we suggest can be an innovation for XYZ to be more developed and able to compete in its digitalization transformation process so that XYZ can become a market leader at national and international levels. We believe that every strategy we suggest in this proposal can help and be implemented by XYZ to continue to survive and develop in the future, especially in the digital era and during this pandemic. With the #HealthyWithinAClick campaign, we believe XYZ can reach all consumers in Indonesia digitally and can reach international markets.

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