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SWOT Analysis on New Product Development of PT. XYZ to Enter the International Market

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Abstract: PT XYZ is a fashion company founded in 2022 in South Tangerang, focusing on the production of streetwear, bags, and Muslim clothing. This study aims to develop a new product expansion strategy to the international market through SWOT analysis. Quantitative descriptive methods are used with data collection through literature studies, management interviews, and company document analysis. The analysis was carried out using the IFAS, EFAS, and SPACE matrices. The results show that PT XYZ has the main strengths of unique traditional-modern designs, premium product quality, and strong domestic brand awareness. The main weaknesses include limited production capacity and an immature international distribution system. The biggest opportunities come from global ethnic fashion trends and the growth of international e-commerce, while the main threat is fierce competition from international fashion brands. The IFAS analysis produces a score of 2.86 indicating a fairly strong internal position, EFAS with a score of 3.01 indicating a favorable external environment. The SPACE matrix shows a strategic position at coordinates (+0.4, +0.6) placing the company in the aggressive quadrant. Strategy recommendations include developing global ethnic collections, expanding international e-commerce, investing in production capacity, and building a global distribution system.

Keywords: SWOT Analysis, Expansion Strategy, International Market, Fashion Industry, SPACE Matrix

INTRODUCTION

Background

The fashion industry in Indonesia is showing rapid development, driven by globalization and changes in people's lifestyles. PT XYZ, which was founded in 2022 and is located in South Tangerang, is a medium-sized company that focuses on the manufacture and distribution of fashion products, including streetwear, bags, and Muslim clothing. The company is committed to quality, design innovation, and sustainability, and aspires to be part of the international fashion trend by expanding access to the global market.

In an effort to develop new products to enter the international market, PT XYZ must face various challenges, ranging from tight competition, changes in consumer preferences, to

adjustments to foreign regulations and cultures. Therefore, a mature and data-based strategy is needed so that new products can compete not only domestically, but also internationally.

One very useful strategyc tool in this regard is the SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis. Using a SWOT analysis, a company can identify internal strengths such as excellence in design, manufacturing quality, and innovation capabilities—as well as weaknesses that need to be addressed, such as lack of resources or experience in exporting. In addition, the analysis also maps external opportunities, such as international fashion trends, demand for local products abroad, and potential collaborations with international partners, as well as threats such as global competition, regulatory changes, and fluctuations in market demand.

By conducting a comprehensive SWOT analysis, PT XYZ can formulate a new product development strategy that is more focused and responsive to changes in the global market. This effort will also help the company optimize strengths, overcome weaknesses, take advantage of available opportunities, and predict potential risks that may arise during international expansion.

Therefore, SWOT analysis is a very important basis for strategyc decision making related to the development of PT XYZ's new products, so that it can compete and grow sustainably in the global market.

Formulation of the problem

1. What is the strategyc position of PT. Dinasti Java Nusantara based on quantitative SWOT analysis?
2. What is the most appropriate strategy for developing new products to enter the international market?
3. How is the implementation of the strategy based on the results of the EFAS, IFAS, and SPACE Matrix analysis?

Research purposes

1. Analyze the company's strategyc position using the quantitative SWOT method
2. Formulate new product development strategyes for international expansion
3. Provide recommendations for strategy implementation based on analysis results.

METHOD

This study applies a quantitative descriptive method to explain the existing conditions in the development of new products at PT. XYZ to enter the international market. The analysis conducted includes a quantitative SWOT analysis, where the Internal Factor Analysis Summary (IFAS) matrix functions to assess internal factors (strengths and weaknesses), while the External Factor Analysis Summary (EFAS) matrix is used to evaluate external factors (opportunities and threats).

After that, the strategy using SPACE (Strategyc Position and Action Evaluation) matrix is implemented to formulate the most appropriate strategy for PT. XYZ in facing various challenges and taking advantage of opportunities in the global market. This approach aims to increase the company's competitiveness in the international market by. provide a clear understanding of the company's position in a competitive environment.

RESULTS AND DISCUSSION

Fashion Industry and International Expansion

The fashion industry is the process of creating a style of clothing that comes from creative ideas to produce a trend that is popular among the public at a certain time or season. The fashion industry includes not only the manufacture of clothing, but also accessories such as bags, shoes,

and other products related to clothing styles. This industry is part of the creative industry that plays an important role in creating added value, opening up employment opportunities, and becoming a significant contributor to the national economy, especially in Indonesia.

Expansion into the international market is a step in which a company expands its business activities abroad by implementing various methods, such as exports, franchising, business cooperation, to establishing subsidiaries in other countries. This process is an important part of growth, especially when the domestic market is starting to get crowded or competition is getting higher, which encourages companies to seek new opportunities at the global level.

In this case, international expansion for Indonesian companies, including infashion industry, is a way to increase competitiveness in the global market, expand marketing areas, and maximize the use of existing resources. Success in international expansion is highly dependent on the company's ability to build business networks, adjust products to consumer desires in the local market, and manage the right marketing strategies, such as the principle of "think globally, act locally."

SWOT Analysis

SWOT analysis is a strategic planning technique used to assess the internal and external elements that affect an organization or company. SWOT is an acronym for Strengths, Weaknesses, Opportunities, and Threats. The purpose of this analysis is to identify the strengths and weaknesses that originate from the organization's internal environment, as well as the opportunities and threats that arise from the external environment, so that appropriate strategies can be developed to achieve the company's targets.

According to Freddy Rangkuti, SWOT analysis is the process of identifying various factors in a systematic manner structured to formulate corporate strategies by maximizing strengths and opportunities, and reducing weaknesses and threats. Mashuri, M., and Nurjannah, N. (2020) stated that SWOT analysis is a crucial step in formulating strategies by using the organization's mission as a reference, where managers evaluate internal strengths and weaknesses and external opportunities and threats. Pearce and Robinson added that SWOT analysis is a structured method for identifying factors and strategies that show the best fit between internal and external factors.

EFAS and IFAS analysis

IFAS (Internal Factor Analysis Summary) is a table that summarizes the internal elements of an organization. Or companies, including strengths and deficiencies (weaknesses). Used to recognize and assess internal conditions . IFAS which affects the company's ability to achieve the strategic goals that have been set. These internal elements cover various aspects such as marketing, finance, operations, human resources, research and development, information systems, and organizational culture

EFAS (External Factor Analysis Summary) is a table that summarizes external elements that impact the company, including opportunities and threats. EFAS provides assistance to companies in assessing external environmental conditions that can provide opportunities for growth and challenges that need to be faced (Kosidin, 2022).

SPACE Matrix

SPACE Matrix (Strategic Position and Action Evaluation) is a strategic position analysis tool used to assess and determine the most appropriate strategy for an organization or company. This matrix evaluates four main dimensions, namely two internal factors: financial strength (FS) and competitive advantage (CA), and two external factors: environmental stability (ES) and industry strength (IS).

The results of this evaluation are mapped on two-axis coordinates, where the X-axis represents the combined CA and IS values, and the Y-axis represents the combined FS and ES values. The intersection point on this matrix indicates the company's strategic position and the direction of the vector formed determines the type of strategy recommended, such as aggressive, conservative, competitive, or defensive strategies. For example, if the vector is in the aggressive quadrant, the company is advised to utilize internal strengths to take external opportunities and overcome internal threats and weaknesses (Mohamad, 2020)

1. Identify SWOT Factors

Internal Factors

(Strengths):

1. Unique design that combines traditional and modern elements
2. High product quality with premium materials
3. Strong brand awareness in the domestic market
4. Experienced team of designers with specialized skills
5. Stable network of raw material suppliers
6. Flexible production system
7. Support for modern production technology
8. Commitment to sustainability

(Weakness):

1. Limited production capacity for large scale
2. Immature international distribution system
3. Dependence on domestic market (95% revenue)
4. Limited human resources with international experience
5. Limited working capital for expansion
6. IT and e-commerce systems that are not yet globally integrated

External Factors

(Opportunities):

1. The increasing trend of ethnic fashion in the global market
2. Growth of international e-commerce
3. Government support for fashion product exports
4. Increasing global consumer interest in sustainable products
5. Development of digital technology for global marketing
6. Increasingly open international trade cooperation
7. The "slow fashion" trend that supports high-quality products

(Threats):

1. Tight competition from international fashion brands
2. Exchange rate fluctuations that affect costs
3. Complex international trade regulations
4. Rapid changes in fashion trends
5. Global supply chain risks
6. Pandemic and global economic instability

Tabel 1. Perhitungan IFAS

No	Factors	Weight	Rating	Score
Strengths (S)				

1.	Unique traditional-modern design	0,12	4	0,48
2.	Premium product quality	0,10	4	0,40
3.	Domestic brand awareness	0,09	3	0,27
4.	Experienced team of designers	0,08	3	0,24
5.	Stable supplier network	0,07	3	0,21
6.	Production flexibility	0,06	3	0,18
7.	Modern production technology	0,06	3	0,18
8.	Sustainability commitment	0,05	3	0,15
Subtotal		0,63		2,11
Weaknesses (W)				
1.	Limited production capacity	0,10	2	0,20
2.	International distribution system	0,09	1	0,09
3.	Domestic market dependence	0,08	2	0,16
4.	Limited international human resources	0,06	2	0,12
5.	Limited working capital	0,05	2	0,10
6.	IT systems are not yet global	0,04	2	0,08
Subtotal		0,42		0,75
Total		1,00		2,86

Tabel 2. Perhitungan EFAS

No	Faktor-Faktor	Bobot	Rating	Skor
Opportunities (O)				
1.	Global ethnic fashion trends	0,15	4	0,60
2.	The growth of e-commerce	0,12	4	0,48
3.	Government support for exports	0,10	3	0,30
4.	Interest in sustainable products	0,09	3	0,27
5.	Digital marketing technology	0,08	3	0,24
6.	Trade cooperation	0,07	3	0,21
7.	Slow fashion trend	0,06	3	0,18
Subtotal		0,67		2,28
Threats(T)				
1.	International brand competition	0,12	2	0,24
2.	Exchange rate fluctuations	0,08	2	0,16
3.	Complex trade regulations	0,06	2	0,12
4.	Rapid trend changes	0,05	2	0,10
5.	Supply chain risks	0,04	2	0,08
6.	Economic instability	0,03	1	0,03
Subtotal		0,38		0,73
Total		1,00		3,01

Interpretation of IFAS Analysis

The IFAS score of 2.86 indicates that PT. XYZ has a fairly good internal position. strong, although there is still room for improvement. The main strength lies in the uniqueness of the design and product quality, while the main weakness is the limited capacity and international distribution system.

Interpretation of EFAS Analysis

An EFAS score of 3.01 indicates that the company is in a healthy environment. relatively favorable external factors. The biggest opportunities are global ethnic fashion trends and the growth of e-commerce, while the main threat comes from international brand competition.

SPACE Matrix Analysis

Financial Strength (FS):

1. Return on Investment: +4
2. Leverage: +3
3. Liquidity: +3
4. Capital Required: +2
5. Cash Flow: +3
6. Average FS: $= (4+3+3+2+3)/5 = +3,0$

Competitive Advantage (CA):

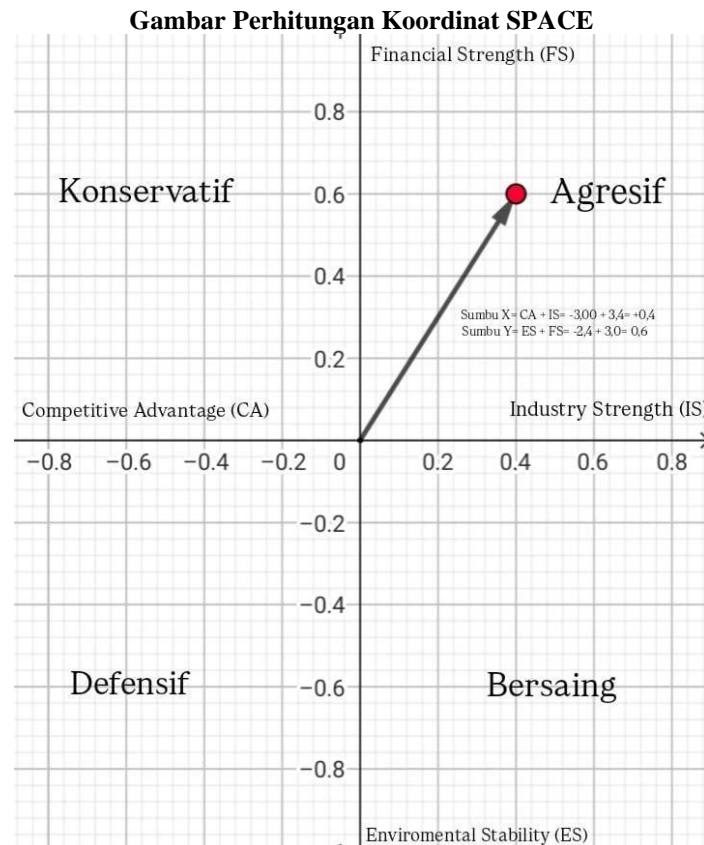
1. Market Share: -2
2. Product Quality: -4 (keunggulan)
3. Product Life Cycle: -3
4. Customer Loyalty: -3
5. Control over Suppliers: -3
6. Average CA: $= (2+4+3+3+3)/5 = -3,0$

Industry Strength (IS):

1. Growth Potential: +4
2. Profit Potential: +4
3. Financial Stability: +3
4. Technology Know-how: +3
5. Resource Utilization: +3
6. IS Average: $= (4+4+3+3+3)/5 = +3,4$

Environmental Stability (ES):

1. Technological Changes: -3
2. Rate of Inflation: -2
3. Demand Variability: -3
4. Price Range of Competitors: -2
5. Barriers to Entry: -2
6. ES Average: $= (3+2+3+2+2)/5 = -2,4$



SPACE Matrix Position Interpretation

From the SPACE Matrix analysis, it was found that the company's position is at coordinates (+0.4, +0.6). This indicates that the company is in the quadrant that shows an aggressive strategy. This strategyc position illustrates that the company has solid internal strength and operates in a relatively stable and profitable industrial environment.

The aggressive quadrant indicates that the company is in a very good and right position to carry out various business expansion initiatives and increase market reach. This condition opens up great opportunities for the company to take bolder strategyc steps in developing its business, both horizontally and vertically.

2. Main Strategy Recommendations

- Market Penetration: Entering the international market with existing products through marketing and sales intensification.
- Market Development: Developing new market segments in target countries with different consumer characteristics.
- Product Development: Creating new products tailored to the specific needs of the international market.
- Forward Integration: Developing direct distribution channels to reduce dependence on third parties.

Strategy Formulation

ST Strategy (Strengths-Threats)

- Product Differentiation: Strengthening the unique advantages of a product so that it is difficult for competitors to imitate.
- Hedging Strategy: Controlling the risk of changes in currency exchange rates through

- derivative financial instruments.
- c. Sustainable Innovation: Cultivating a culture of innovation with a stable R&D budget, in order to read changing trends.
- d. Quality Assurance: Maintaining high quality standards through a strict quality management system.

ST Strategy (Strengths-Threats)

- a. Product Differentiation: Strengthening the unique advantages of a product so that it is difficult for competitors to imitate.
- b. Hedging Strategy: Controlling the risk of changes in currency exchange rates through derivative financial instruments.
- c. Sustainable Innovation: Cultivating a culture of innovation with a stable R&D budget, in order to read changing trends.
- d. Quality Assurance: Maintaining high quality standards through a strict quality management system.

WO Strategy (Weaknesses-Opportunities)

- a. Production Capacity Investment: Increasing production capacity by investing in equipment and facilities, to meet demand from around the world.
- b. International Team Development: Recruiting human resources who are export-import experts and capable of cross-cultural management.
- c. Global Distribution System: Building distribution connections through collaboration with local distributors and global e-commerce platforms.
- e. IT System Integration: Creating an integrated platform for global operations, including inventory management and customer relationship management (CRM).

Strategy WT (Weaknesses-Threats)

- a. Strategyc Alliance: Bekerja sama dengan perusahaan global untuk mengatasi keterbatasan akses pada teknologi, modal, dan jaringan distribusi.
- b. Diversifikasi Pasar: Melakukan ekspansi ke berbagai wilayah geografis untuk mengurangi ketergantungan pada satu pasar tertentu.
- c. Peningkatan Kapasitas: Investasi dalam peningkatan skill karyawan melalui program pelatihan dan pengembangan yang terencana.
- d. Sistem Manajemen Risiko: Membuat sistem manajemen risiko yang lengkap untuk mengantisipasi beragam potensi risiko bisnis.

3. Implementation recommendations

Priority Strategy

Based on the analysis results, the recommended priority strategies are:

Short Term (0-12 months)

1. Global E-commerce Development
 - a. Implementation of e-commerce platform with multi-currency and multi-language
 - b. Partnership with international marketplaces (Amazon, Alibaba, Etsy)
 - c. Investing in digital marketing and SEO for global markets
2. Increase Production Capacity
 - a. Investment in production equipment to increase output by 50%
 - b. Recruitment and training of additional workforce
 - c. Implementation of lean manufacturing system
3. Certification and Standardization

- a. Obtaining international certification (ISO, sustainable fashion)
- b. Standardization of product quality according to international standards
- c. Development of a strict quality control system

Medium Term (1-3 years)

1. Regional Market Expansion
 - a. ASEAN market penetration as a stepping stone
 - b. Establishment of representative office in target country
 - c. Development of regional distribution network
2. Product Line Extension
 - a. Development of special collections for international markets
 - b. Product innovation with smart textile technology
 - c. Collaboration with international designers
3. Strategic Partnership
 1. Joint venture with international fashion brands
 2. Partnership with global raw material suppliers
 3. Collaboration with international fashion institutions

Long Term (3-5 years)

1. Global Brand Positioning
 - a. Establishment as a premium ethnic fashion brand
 - b. Participation in international fashion week
 - c. Celebrity endorsement and global influencer
2. Vertical Integration
 - a. Strategic supplier acquisition
 - b. International retail store development
 - c. Backward and forward integration
3. Innovation Hub
 - a. R&D center for fashion technology
 - b. Sustainable fashion innovation
 - c. Digital fashion development

CONCLUSION

PT. XYZ is in a very advantageous strategic position to carry out international expansion. With an IFAS score of 2.86 and an EFAS score of 3.01, and a position in the aggressive quadrant of the SPACE matrix, the company has a strong foundation to implement an aggressive growth strategy. The success of the expansion will depend largely on the company's ability to overcome internal weaknesses (especially production capacity and distribution systems) while maximizing its unique strengths in product design and quality to capitalize on the global market opportunities available.

1. Strategic Position of PT XYZ Based on Quantitative SWOT Analysis

Based on the results of the quantitative SWOT analysis that has been conducted, the strategic position of PT XYZ can be concluded as follows:

a. Internal Analysis (IFAS)

IFAS Score: 2.86 - indicates a fairly strong internal position, but there is still room for improvement
Key Strengths: Unique traditional-modern design (0.48), premium product quality (0.40), and domestic brand awareness (0.27)
Key Weaknesses: Limited production capacity (0.20), dependence on domestic market

(0.16), and immature international distribution system (0.09)

b. External Analysis (EFAS)

EFAS Score: 3.01 - indicates a relatively supportive external environment
Biggest Opportunities: Global ethnic fashion trends (0.60), e-commerce growth (0.48), and government support for exports (0.30)
Key Threats: Competition from international brands (0.24), exchange rate fluctuations (0.16), and complicated trade regulations (0.12)

c. SPACE Matrix Strategic Positioning

Coordinates: (+0.4, +0.6) - places the company in the aggressive quadrant. This position indicates that the company has strong internal strengths and operates in a stable and profitable industry environment.

2. **New Product Development Strategy to Enter the International Market**

Based on the strategic position in the aggressive quadrant, the most appropriate strategy is:

Recommended Main Strategy:

- a. Market Penetration: Strengthening the marketing of existing products in the international market
- b. Market Development: Establishing new market segments in the target country
- c. Product Development: Creating new products that suit global market needs
- d. Forward Integration: Building distribution channels directly

Formulasi Strategy Berdasarkan Matriks SWOT:

SO Strategy (Strengths-Opportunities):

- a. Development of international ethnic collections
- b. Expansion of e-commerce to global markets
- c. Collaboration with international influencers
- d. Sustainability certification

WO Strategy (Weakness-Opportunity):

- a. Investment in production capacity
- b. International team development
- c. Global distribution system
- d. Information technology system integration

ST (Strength-Threat) Strategy:

- a. Product differentiation
- b. Currency risk protection strategy
- c. Sustainable innovation
- d. Quality control

WT (Weaknesses-Threats) Strategy:

- a. Strategic alliance
- b. Market diversification
- c. Human resource capacity building
- d. Risk management system

3. **Strategy Implementation Based on the Results of EFAS, IFAS, and SPACE Matrix Analysis**

Short Term Priority Strategy (0-12 months):

1. Global E-commerce Development
 - a. Multi-currency and multi-language platform
 - b. Partnership with international marketplace
 - c. Global digital marketing investment
2. Increase Production Capacity
 - a. Equipment investment to increase output by 50%
 - b. Recruitment and training of workers
 - c. Implementation of lean manufacturing
3. Certification and Standardization
 - a. International certification (ISO, sustainable fashion)
 - b. Quality standardization according to international standards
 - c. Strict quality control system

Medium Term Strategy (1-3 years):

1. Regional Market Expansion
 - a. ASEAN market penetration as a stepping stone
 - b. Representative office in target country
 - c. Regional distribution network
2. Product Line Extension
 - a. Special collection for international market
 - b. Smart textile innovation
 - c. International designer collaboration
3. Strategic Partnership
 - a. Joint venture with international brands
 - b. Global supplier partnership
 - c. International fashion institution collaboration

Long Term Strategy (3-5 years):

1. Global Brand Positioning
 - a. Premium ethnic fashion brand
 - b. Participation in international fashion week
 - c. Global celebrity endorsement
2. Vertical Integration
 - a. Strategic supplier acquisition
 - b. International retail store
 - c. Backward and forward integration
3. Innovation Hub
 - a. R&D center fashion technology
 - b. Sustainable fashion innovation
 - c. Digital fashion development

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