
Equality of Strategy and Resources in Plastic Packaging Industry Companies Case Study : PT. Sinergi Inti Plastindo Tbk.

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Abstract

This study aims to identify a strategic group model in the plastic packaging industry in Indonesia. The plastic packaging industry plays an important role in the manufacturing industry. With the increasing demand for a manufactured product, the plastic packaging industry is still very tempting for business people. Strategic Group is a number of business units or a number of companies that use the same strategy with the same resources. This research focuses on PT. Sinergi Inti Plastindo, Tbk a plastic packaging company in Indonesia. The company produces various types of plastic packaging for food products. This case study research method is also used to describe a strategy used by companies as a strategy to deal with competition in industrial groups. The results of the research show that the market leader holds the highest sales in 2019 using the same strategy as its competitors. The results also show that companies operating in the same industry need to develop their product types. Don't just focus on one type of product. The number of types of products produced will increase the sales of the company. In addition, the market share obtained by the company will be higher.

Keywords: *Strategic Group, Plastic Industry, Packaging, SWOT Analysis*

INTRODUCTION

The packaging industry plays an important role in the manufacturing industry. Facing adaptation in the 4.0 era, packaging manufacturers are expected to be able to make updates so that they meet needs and follow current trends. Data from the Indonesia Packaging Federation (2020) shows that the performance of the packaging industry in the country is projected to grow at around 6 percent in 2020 from last year's realized value of Rp. 98.8 trillion. Judging from the material, 44% of the packaging circulating in the form of flexible packaging, 14% rigid plastic packaging, and 28% paperboard packaging. Meanwhile, AT Kerney (2019), in his research results in Asia, stated that there were several paradigm shifts that occurred macroeconomically and influenced the packaging industry trend. For example, the growth of online retail sales in Asia, which reached an average of 19% per year, shifted the packaging trend from being more concerned with appearance to being more concerned with the strength and durability of packaging. Then, the increasing demand for smart packaging, increasing consumer awareness of sustainable packaging, as well as packaging designs that can reduce packaging costs, which of course will reduce selling prices and increase product competitiveness. (IKM) especially related to packaging, including choosing packaging that is suitable for attractive market segments based on creative and innovative designs, meeting quality standards set by widely recognized authorities, such as GMP, HACCP, ISO, SNI, and Halal. In addition, the selection of quality raw materials with consistent quality control, setting competitive selling prices while still meeting the ratio between production costs and consumer purchasing power, creating creative, informative and easy-to-understand forms of promotion regarding the products being marketed, and utilizing e-commerce as digital marketing.

The downstream plastic industry is an industry that is driven by its development because it has very prospective market potential, both at home and abroad. Downstream plastic industry products, especially packaging, to package consumer goods such as food and beverages, cosmetics, electronics, and others. The potential for consumption of plastic products in Indonesia is still quite large because the national consumption per capita per year is only 10 kilograms (kg), relatively lower than other ASEAN countries, such as Singapore, Malaysia, Thailand which reaches 40 kg per capita per year. The demand for plastic packaging is driven by the growth of the food and beverage industry by 60%.

In Indonesia, there are 892 plastic packaging industries and produce rigid packaging, flexible packaging, thermoforming and extrusion spread across several regions. PT. Sinergi Inti Plastindo Tbk is a company that produces and distributes plastic goods for packaging for the needs of the wider community. Sinergi Inti Plastindo was established in 2001 to produce and distribute finished plastic packaging products both domestically and for export. Currently, SIP produces packaged finished goods based on HDPE and LLDPE/LDPE. In 2019, in line with peaking demand, SIP added a new factory facility in the Banten Province area with a larger capacity to meet market needs. The increasing demand for plastic packaging products, PT. Synergy Core Plastindo must be able to understand the company's competitive advantage compared to other companies.

Competitive advantage is a profit strategy of companies that cooperate to compete more effectively in the market. The designed strategy aims to achieve continuous competitive advantage so that the company can continue to be a market leader (Djodjobo & Tawas, 2014). Competitive advantage can be defined as a company's ability to create value that competitors do not have and cannot imitate (Bashor & Purnama, 2017). This definition is supported by (Li et al., 2006) who define competitive advantage as a competency owned by a company that distinguishes it from competitors so that the company can maintain its position. Firms experience competitive advantage when actions in an industry or market create economic value and when several competing firms engage in similar actions (Barney & Hesterly, 2010). (Indah, 2013) the factors supporting the company's competitive advantage are price, quality, delivery dependability, product innovation and time to market. Competitive advantage is expected to be able to achieve profit according to plan, increase market share, increase customer satisfaction, and continue the viability of a business (Fatikha et al., 2021). However, there are several companies that have the same strategy, it is called a strategic group. According to the book Strategic Management (Popy, 2014) strategic group is a number of business units or a number of companies that use the same strategy with the same resources.

RESEARCH METHODS

The method used in this research is case study method and SWOT analysis. (Helms & Nixon, 2010) describes the case study as an approach and social research method that analyzes a case from an individual carefully and completely in order to provide results of an intensive analysis in examining existing social phenomena. The case study is also referred to by Kumar as an approach and research that has more details in carrying out its analysis, which is often overlooked in other research methods. According to (Polit & Beck, 2004) case studies are a form of qualitative research. A case study according to (Walgito, 2010) is a method that aims to study and investigate an event or phenomenon regarding an individual, such as the life history of someone who is the object of research. According to (Tellis, 1997), the case study method has a unit of analysis that refers more to the system of actions taken than to the individual himself or a particular institution. Tellis also emphasized that the unit of analysis is

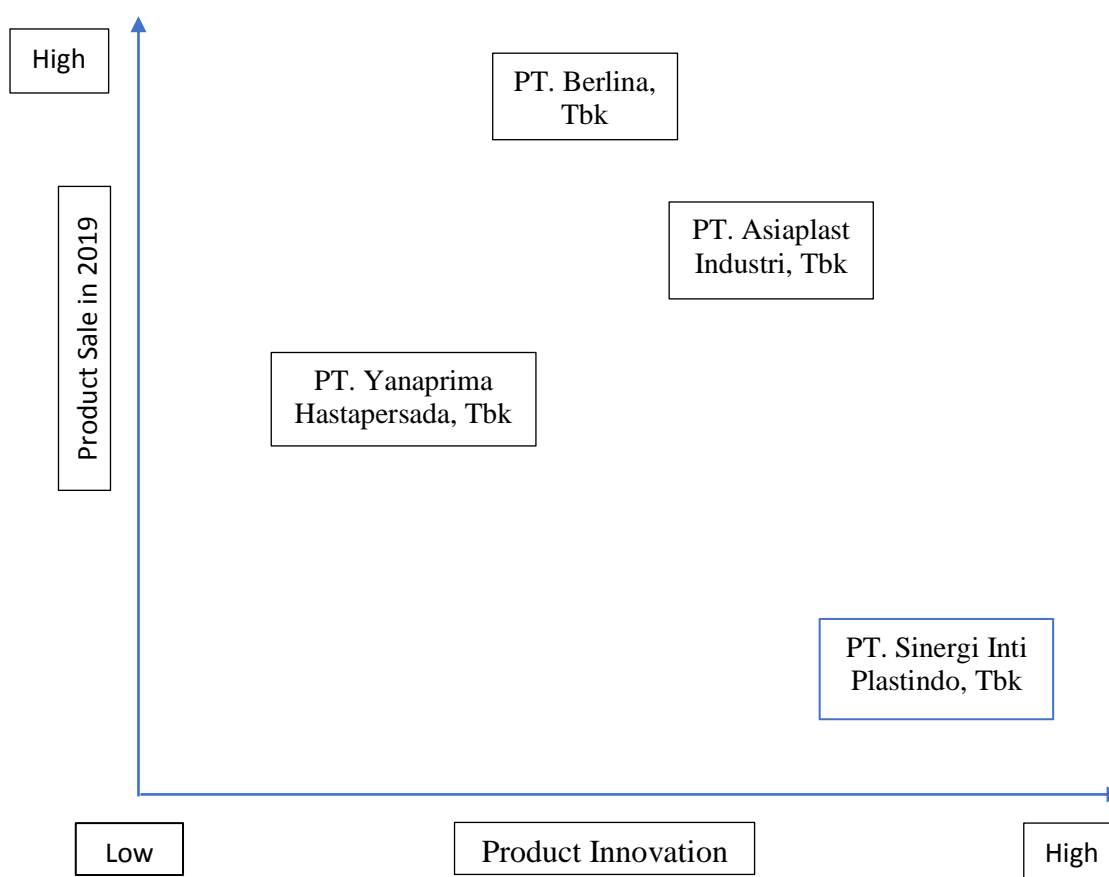
critical in the application of case studies and can vary between individuals or institutions. The next research method is SWOT analysis. SWOT analysis aims to identify in depth various systematic factors to formulate a company strategy. SWOT analysis is based on a relationship or interaction between internal elements, namely, strengths and weaknesses and external elements, namely opportunities and threats (Rangkuti, 2015).

The case study method and SWOT analysis used are research with an in-depth study, to describe the company's strategic group. The first presentation of data is done by analyzing the company based on strategic strengths and weaknesses as well as threats and opportunities faced by the company. The results of the analysis are included in the IFAS and EFAS analysis. The second is through the implementation of strategic groups. The case study in this research focuses on PT. Sinergi Inti Plastindo, Tbk which is engaged in the plastic packaging industry.

RESULTS AND DISCUSSION

Strategic Group Analysis

Strategic groups are a number of business units or a number of companies that use the same strategy with the same resources. In the strategic group analysis of PT. Synergy Inti Plastindo, Tbk has several competitors who have similarities in the type or variant of their products. The company is PT. Asiaplast Industries Tbk, PT. Berlina Tbk, PT. Yanaprima Hasta Persada Tbk.. The following is a mapping framework for strategic groups in the plastics industry.



Picture 1. Plastic Packaging Industry Strategic Group Mapping Framework

The image above shows strategic groups based on each company's product sales in 2019 and based on the company's product variants. Based on product sales in 2019, companies

with sales positions from lowest to highest are as follows; PT. Synergy Inti Plastindo, Tbk (Rp. 53,328,450,125); PT. Yanaprima Hastapersada, Tbk (Rp. 368,1190,00); PT. Asiaplast Industri, Tbk (Rp. 437,990,000,000); PT. Berlina, Tbk (Rp. 1,221,540,000,000).

Meanwhile, based on product variants, companies that have product variants from the most to the few are as follows: PT. Sinergi Inti Plastindo, Tbk has eleven types of products (red Diana plastic bags, glass plastic bags, colorful plastic bags, milk white plastic bags, small Diana plastic bags, trash bags, soft handle plastic bags, heat-resistant plastic bags, plastic bags color plastic, type 1 LDPE plastic bag, type 2 LDPE plastic bag, plastic counter bag); PT. Asiaplast Industri, Tbk has nine types of products (stationery packaging, building construction, decorative, packaging, electronic packaging, fashion and clothing packaging, automotive, stationery, and consumer products); PT. Berlina, Tbk has eight types of products (body care product packaging, household appliance packaging, cosmetic packaging, pharmaceutical packaging, food and beverage packaging, oil packaging, wall paint packaging, other industrial goods packaging); PT. Yanaprima Hastapersada, Tbk has five types of products (cement bags, block bottom bags, Kaminated movable bags, resin bags, roll sheet).

From the data obtained, it can be concluded that the company PT. Berlina, Tbk holds the market leader with the highest product sales in 2019. In fact, if we look at the existing data, PT. Berlina, Tbk is not a company that has the most product innovations. The second highest sales is held by PT. Asiaplast Industri, Tbk. Furthermore, the highest sales in 2019 were held by PT. Yanaprima Hastapersada and followed by PT. Plastindo Core Synergy. PT. Synergy Inti Plastindo, Tbk is in the last position out of four other plastic packaging companies in Indonesia. The market leader position is led by PT. Berlina, Tbk. Judging from the type of product, PT Berlina Tbk has quite a variety of product variants, not only in the type of plastic packaging for food, but also packaging for various other types of products. Meanwhile PT. Synergy Intin Plastindo actually has more diverse product variants but in limited types. Only engaged in plastic packaging for food products. Therefore, to increase sales in the following years, PT. Synergy Inti Plastindo needs to expand plastic packaging for other types of products, such as cosmetic packaging, pharmaceutical product packaging, wall paint packaging, and others.

Based on the annual report of PT. Synergy Inti Plastindo, Tbk and PT. Berlina, Tbk. the difference in sales results in 2019 is very visible. According to the researcher, this happened because PT. Berlina, Tbk dares to explore plastic packaging products in various types such as body care product packaging, cosmetic product packaging, pharmaceutical product packaging, and others. While PT. Sinergi Inti Plastindo, Tbk only focuses on food packaging products. Besides that, PT. Berlina Tbk also determines the targets to be achieved in the current year, so that it also contributes to the encouragement in achieving the company's financial goals. It is good for the years to come PT. Synergy Inti Plastindo also does the same thing, setting a target for the current year to increase the spirit and productivity of the company. With efforts to add other packaging product lines and also determine sales targets, it is expected that PT. Synergy Inti Plastindo can increase sales and also expand the market.

Analysis of Finance Performance

Based on the analysis of financial performance in general, PT. Synergy Inti Plastindo, Tbk has increased from 2018 to 2019. Based on the Liquidity ratio, there is an increase in the current ratio of 0.86% which means the company can pay its short-term debt using short-term assets and allows investors to invest more funds than before. his. The quick acid ratio also increased by 0.76%, which means the company is able to pay off short-term debt using short-term assets that are smoother. The company's cash ratio also increased by 0.43%, which means the company is able to maximize cash and marketable securities owned by the company to pay off short-term debt. Meanwhile, the cash turnover ratio decreased by 31 times, which means

that the company is not optimal in using cash to generate sales as seen from the cash owned by the company. The company's inventory to net working capital also decreased by 1.36%, but the company's inventory to net working capital was greater than 100%, meaning that the company's inventory was too large, so it had to be reduced.

Based on the Leverage ratio, the company's debt to asset ratio decreased by 2%, which means that some of the company's assets were financed through equity, this is good for the continuity of the company's activities. The debt to equity ratio also decreased by 3.7%, this indicates that the company's debts or liabilities are smaller than all of its assets, so that in an undesirable condition, the company can still pay off all its debts or obligations. The long-term debt to equity ratio also decreased by 204.3%, which means it has a good impact on the company because the company's long-term debt is smaller than the company's capital.

Based on the Activity Ratio, the company's receivable turnover increased by 1.2 times which resulted in the company being effective in the sales generated. Meanwhile, inventory turnover has increased by 0.5 times, which means the company has not made efficient use of inventory to generate sales. Working capital turnover decreased by 0.4 times, which means the company experienced a decrease in sales generated by every rupiah of working capital in the company. Fixed assets turnover decreased by 5 times from the previous year which means that the sales generated by each rupiah of fixed assets in the company decreased and it was an unfavorable impact for the company. Then the total assets turnover decreased by 0.48 times, meaning that the decrease in total assets turnover resulted in slow turnover, meaning that the assets owned by the company were too large compared to the ability to sell.

Based on the profitability ratio, the gross profit margin decreased by 8.17%, which means the company has not been able to control production costs and cost of goods sold. Return on Investment decreased by 1.5% which means the company can be said to have not been effective in using assets to experience profits. Meanwhile, return on equity decreased by 3.68% which resulted in a decrease in shareholders in the company. The company's earnings per share decreased by 3.9% which caused investors to withdraw their investment because earnings per share can be used as the basis for making investment decisions. The company's net profit margin decreased by 1.16% which could potentially incur losses due to price declines.

Internal Factor Analysis (IFAS)

PT. The first synergy of Inti Plastindo, Tbk is that the company has good corporate governance and has complied with principles such as openness, accountability, responsibility, independence, and fairness. Good corporate governance also improves the quality of the company internally and externally.

The second strength is PT. Synergy Inti Plastindo has human resources with quality and integrity. Good human resources are an intangible strength that a company must have in order to survive and continue to make changes for the better. In addition, the company also has a conducive work environment so that it can support the effectiveness and efficiency of the work of its employees. The third strength is the company has a variety of product variants. Broadly speaking, the products produced by PT. Synergy Core Plastindo is divided into 2 types, namely High Density Polyethylene (HDPE) and Low Density Polyethylene (LDPE). Later these two types of products will produce various other product variants. So the company produces a variety of products that can be marketed. The fourth strength is that the company has good cooperation with suppliers. The established partnership can maintain and optimize the supply of raw materials for the company.

The fifth strength is that the company has good Good Corporate Governance (GCG). In this case the company provides assistance for underprivileged children through the UNICEF organization.

In addition to strengths, in the internal analysis there are also weaknesses. Weaknesses owned by PT. The first Synergy of Inti Plastindo is that the company only focuses on producing packaged products for food. This has an effect on the company's sales which are not too high compared to the other three competing companies. Another weakness of the company is the uncertainty of raw material prices which causes production prices to be unstable. This ultimately affects the high cost of goods sold.

External Factor Analysis (EFAS)

In the analysis of external factors there are opportunities and threats, where there are several opportunities for the company. The first opportunity for the company is an increase in national plastic consumption in 2019 by 4%. This growth was driven by the growth of the national economy between 4-5%. The second opportunity is the relatively stable rupiah exchange rate. So that the price of production and also raw materials can be said to follow as well. With a relatively stable rupiah exchange rate, it is hoped that the prices of raw materials, production costs, and other costs will be stable as well.

In addition to opportunities, there are also threats from external factors where the first threat is the world economy is still facing uncertainty. The US-China trade war has not yet recovered and geopolitical tensions in a number of regions. This has also hampered global economic growth. The second threat is that the world's economic growth in 2019 is only below 3%. This means that there are no significant changes compared to 2018. This also has an impact on domestic economic growth which only recorded economic growth of 5.02%. The third threat, the growth of the plastic industry in 2019 was recorded at 5.2% or less than the target of 5.4%, which resulted in increasingly fierce competition in the plastic industry

CONCLUSION

PT. Sinergi Inti Plastindo, Tbk is a company in the plastic packaging industry which is currently in a lower position compared to competitors. Based on the results of the strategic group analysis by comparing four plastic packaging industry companies in Indonesia, in terms of sales in 2019 PT. Sinergi Inti Plastindo, Tbk is in the fourth position out of four companies that produce plastic packaging. Meanwhile, in terms of product variants, PT. Sinergi Inti Plastindo, Tbk occupies the first position of the four companies. So it can be concluded that the number of product variants does not necessarily affect the sales of the product itself. If you look at the comparison of PT. Synergy Inti Plastindo, Tbk with the current market leader, the strategy that can be PT. The synergy that Inti Plastindo, Tbk follows is that the company can explore other product lines, not only in food product packaging, but also other packaging products such as body care product packaging, household appliance packaging, cosmetic packaging, pharmaceutical product packaging, wall paint packaging, and so on. packaging of other industrial goods. In addition, PT Sinergi Inti Plastindo can increase targets for the following years so that it can increase employee morale and productivity in achieving these targets.

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