

## **CHAPTER 1**

### **INTRODUCTION**

#### **A. Background**

Companies that want to successfully make a profit and can last for many years to grow and flourish, should not rely on the workings of the past are less efficient, less skilled and professional. Companies must manage its business by using good management, so that the company can survive and continue to grow in the future. The ability of a company to be able to compete is determined by the performance of the company itself. Companies that are not able to compete to maintain its performance will gradually displaced from the environmental industry and will be bankrupt. Companies need to recognize the strengths and weaknesses of the company in this competition will be very helpful in identifying themselves, as well as take advantage of any opportunities that exist and avoid or minimize Where management strategy is an effort to seek a favorable marketing position in an industry or a fundamental arena of competition takes place. Strategy Management in a company, in addition to the dynamic action should always apply the principles of excellence and the company had to abandon old habits that no longer exists and constantly innovating. Because now is not the era in which producers will impose on consumers, but consumers otherwise impose its will on the manufacturer. Competition occurs on fastfood company this year that are increasingly hard and tight. This is due not merely taste and menu prices,

but also the service. Because the price of the menu has no limits anymore, all already offer relatively the same menu prices, so its selling point is in the service of a company.

Fast-food restaurant business grew very rapidly in Indonesia. Including foreign franchise business growth. PT Fast Food Indonesia Tbk as the manager of KFC, currently has 426 outlets in various cities in Indonesia (as of September 2012). KFC potential for expansion is still wide open despite the fast food business competition is tighter with the presence of McDonalds. National Food Rekso who pocketed a license from McDonalds International Property Company, more expansive. Until the end of March 2012, 124 McD outlets already operating in Indonesia. Other foreign franchises, Burger King, also began to enliven the competition a restaurant franchise through 39 outlets already in operation.<sup>1</sup>

In accordance with the vision of KFC fast food who want to be the leading company in this area, then inevitably the performance of which has been met with both can be maintained and even improved. KFC is a fast-food company that is very famous in the world. The Indonesia is easy to find a fast food restaurant found in various cities, ranging from big city to small town. However, competition in the modern era, many fast food competition is no less interesting in management strategy to attract consumers. Many competitors fast food like

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<sup>1</sup>Mohamad, Ardyan, 2013, "*Dibatasi jumlah gerai, mampukah KFC dan McDonald's ekspansi?*" <http://www.merdeka.com/uang/dibatasi-jumlah-gerai-mampukah-kfc-dan-mcd-ekspansi.html> access date on August, 15 2015

McDonald, Texas, Burger King, California fried chicken, Pizza Hut, Wendy's, Sizzler, Dunkin Donuts, Domino's Pizza and many more that are not mentioned here further tighten the competition in attracting consumers.

Chandler (1962), quoted by Freddy Rangkuti (2008): the strategy is a means to achieve its goals in relation to the long-term goals, follow-up programs, and resource allocation priorities. The bottom line is the strategy of choice to perform activities differently or to perform activities differently from its competitors. Basically strategy provides direction in relation to variables such as market segmentation, target market identification, positioning, marketing mix elements, and the cost of the marketing mix. Management strategies can be defined as the art knowledge to formulate, implement and evaluate the functional decisions that make the organization is able to achieve its objectives. Management Strategy focus lies in combining management, marketing, finance / accounting, production / operations, research and development, and computer information systems to achieve organizational success.<sup>2</sup>

Strategic management in an effective say if the whole organization know in the business objectives, business direction, progress towards the achievement of targets and customers, competitors and the company's product plans. Strategic Management consists of three processes:

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<sup>2</sup>Fred R David, *Manajemen Strategi*, Ed ke-10, (Jakarta: Salemba Empat, 2006), 6.

- 1) Planning Strategy, which includes the development of mission and long-term goals, identify opportunities and threats from the outside as well as the strengths and weaknesses of the organization, the development of alternative strategies and the determination of appropriate strategies to be adopted.
- 2) Implementation of the strategy involves determining the annual operational targets, organizational policies, motivate members and allocate resources so that a predetermined strategy can be implemented.
- 3) Evaluation / control strategy encompasses efforts to monitor all results from the creation and implementation of strategies, including measuring the individual and organizational performance and take corrective measures if necessary.

Problems that occur in a company is not only happening in the internal environment company, but also external environment the company, such as unstable economic growth, inflation, exchange rate of rupiah againsts the US Dollar, income per capita of population in Indonesia. Political instability, and government policies also affect the stability of a company. Competitors with the same product and newcomers should make companies like kfc Indonesia to continue to innovate and continue to implement effective management strategies that companies can continue to lead in terms of sales and also the best service to consumers. Aspect of the external environment is not only a threat to the company, but also occur opportunities of the company. Therefore, PT. Fast Food

Indonesia Tbk. As a franchisee of KFC Indonesia should make the best use of the opportunities that occur in Indonesia.

To achieve a goal desired by an organization or a company then in the management implementation strategy must be carried out. Management role in implementing the strategy of an organization, each unit or section that exists in the organization can carry out its duties and responsibilities as possible. Especially see the development of this present age, where every organization the company has expanded the market in order to benefit a lot. All the necessary steps so that the right strategy is taken leadership process can be run as possible. Competition raises the competitiveness is closely related to the understanding of market mechanisms (standards and benchmarking), speed and accuracy of delivery of products (goods and services) that is able to create added value. Increasing the competitiveness of the organization is unique, but at its core is influenced by aspects of creativity, the capacity, the technology used and the range of sales achieved. It was realized from the look of the product, high productivity and good service. With the above background, the basic consideration of the author to determine how does analysis of management strategies in the face of fast food KFC business competition in Indonesia. So this thesis will be focused in this study **Analysis on Management of competitive strategy -- one case PT. Fast Food Indonesia Tbk.**

## **B. Identification and Limitation Problem**

### **1. Identification the problem**

- a. How does the analysis of Internal Environment the face of business competition on PT. Fast Food Indonesia Tbk.?
- b. How does the analysis of External Environment the face of business competition on PT. Fast Food Indonesia Tbk.?
- c. How does the analysis of management strategies in the face of business competition on PT. Fast Food Indonesia Tbk.?

### **2. Limitation Problems**

In this study focused on companies PT. Fast Food Indonesia Tbk.

## **C. Objective Research**

Issues related to the research, the purpose of this study was to examine the strategy of the company PT. Fast Food Indonesia Tbk. in the face of a competitive business, and to determine the Internal and External environment affecting the performance of companies in an industry company PT Fast Food Indonesia Tbk.

## **D. Benefit Research**

The benefits of this research are:

1. For companies

Can be used as input for the company to assess the company's success in the implementation of Strategic Management.

2. For reader

Results of this study are expected to be used other parties who will conduct of strategic management.

3. For the author

This study is expected to add to the authors' knowledge in a competitive management strategies.

## **E. Systematic Writing**

This research report consists of:

### **CHAPTER I INTRODUCTION**

In this chapter will describe the background of the problem, identification and restriction of the problem, formulation of the problem, research objectives, the benefits of research, as well as the systematic writing.

## CHAPTER II LITERATURE REVIEW

In this chapter will describe the theories underlying the study, previous research, framework of thinking research and hypotheses.

## CHAPTER III RESEARCH METHODS

In this chapter will describe the research place, type and source of research data, and the data analysis method.

## CHAPTER IV OVERVIEW OF RESEARCH OBJECT

In this chapter will discuss the overview of the research object, namely PT. Fast Food Indonesia Tbk.

## CHAPTER V RESULTS AND DISCUSSION

It examines the discussion of issues which consisted of SWOT analysis.

## CHAPTER VI CONCLUSIONS AND RECOMMENDATIONS

In this chapter discusses the conclusions from the results of research and advice that can be used by the company.