



Market Expansion Strategy for Sweet Potato Export Products Using the Ansoff Matrix (Case Study of CV SNR Bumi Indonesia)

Mohamad Bebi Rifki*¹, Desty Hapsari Kirana²

^{1,2}Department Management and Business, Universitas Padjadjaran, Indonesia.

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ABSTRACT

CV SNR BUMI INDONESIA is a producer and exporter of sweet potatoes, with products that meet export quality and capacity standards. However, the company faces challenges in marketing and finding the right strategy to utilize the trade potential of its sweet potato products to increase export sales. This study aims to determine strategies that can be implemented for export market expansion. The research employs a qualitative and quantitative descriptive approach using the Ansoff Matrix, measured with a Likert scale. The findings indicate that the Product Development Strategy, with the highest index value of 89.0%, falls into the "Very Ready" category, making it the optimal strategy for the company to pursue for export market expansion.

1. INTRODUCTION

Indonesia, as an agrarian country, plays a significant role in global food production and has great potential in the agricultural sector, particularly in producing and exporting food commodities like sweet potatoes, due to its diverse climate and fertile soil. According to data from the Ministry of Trade, in 2020, Indonesia's sweet potato exports reached 109,000 tons worth USD 427 million. This figure represents a 168% decrease compared to the previous year, due to rising sweet potato prices and stiff competition from other sweet potato-producing countries. Additionally, government export restrictions due to COVID-19 also affected the condition of Indonesia's sweet potato exports. During the recovery phase from the COVID-19 pandemic, the government began supporting efforts to boost exports, including sweet potato products. The Director of Various Beans and Tubers (AKABI), Amiruddin Pohan, stated that national sweet potato exports reached 9,000 tons and continued to increase while reducing import numbers. High sweet potato demand has driven an increase in sweet potato production and demand in Indonesia. The total value of Indonesia's agricultural product exports in 2022 reached \$336 billion, with an average annual growth rate of 15%, indicating significant potential but also room for growth and improvement (USDA Foreign Agricultural Service 2022). Specifically, sweet potato exports are mainly targeted at Asian markets such as Japan, Malaysia, Singapore, and South Korea, which account for about 93% of total exports (ResearchGate 2022).

Table 1: Twelve Largest Sweet Potato Exporting Countries in the World

No	Country	2019 Exported Value	2020 Exported Value	2021 Exported Value	2022 Exported Value
1	America	188,193	189,335	188,686	165,838
2	Netherlands	153,687	144,137	161,672	150,806
3	Egypt	48,536	46,085	54,223	81,050
4	Spain	52,307	55,124	49,056	40,587
5	Viet Nam	42,039	61,586	37,000	29,648

*Corresponding author.

E-mail: mohamad20012@mail.unpad.ac.id

6	Canada	22,745	23,313	23,817	26,656
7	Belgium	11,539	11,086	11,748	25,900
8	Japan	15,552	19,322	21,268	20,114
9	Portugal	9,208	13,670	18,383	13,894
10	China	35,568	15,586	14,077	12,651
11	Indonesia	8,673	9,657	10,947	12,134
12	Honduras	4,554	7,923	9,677	10,257

(Source: Trademap List of exporters for Product: 071420 Sweet potatoes Statistics 2023 in USD thousand)

The information in the table above shows the 12 largest sweet potato exporting countries in the world. Indonesia is ranked as the 11th largest exporter of sweet potatoes. Over the past four years, data shows that Indonesia has experienced significant growth in the export value of sweet potato products. In the growth of Indonesia's sweet potato exports in recent years, Japan, Singapore, and Korea have emerged as the main importers (ResearchGate 2022). Japan, recorded as the 8th largest exporter of sweet potatoes in the world, also appears as the largest importer of Indonesian sweet potatoes. This is because Japan is not a major sweet potato producer and re-exports imported sweet potatoes either fresh or processed (Tridge 2023).

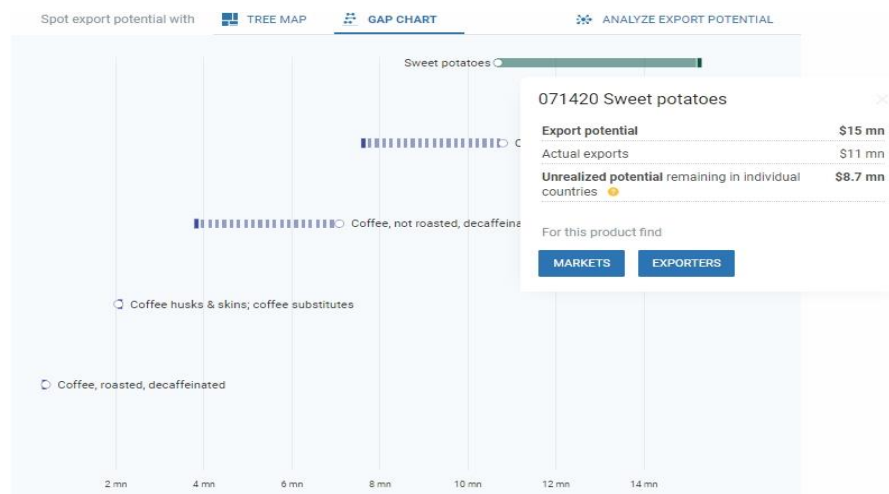


Figure 1: Sweet Potato Potential Map (in Million US\$)

(Source: Exportpotential.intracen.org 2023)

Based on the potential map above, the data indicates that Indonesia has an export potential value for sweet potato products with a harmonized system code of 071420 of \$15 million, but the actual export value is still below that at \$11 million. This indicates that Indonesia's sweet potato export condition has good potential, especially given the many countries interested in sweet potato products. This presents an opportunity to expand the market to reach Indonesia's sweet potato export potential value, especially since Indonesia is the 11th largest sweet potato exporter in the world. CV SNR Bumi Indonesia is a company specializing in providing agricultural products, especially sweet potatoes, from Indonesia. Established in 2021, the company currently markets two types of sweet potatoes: Cilembu or Honey Sweet Potato and Purple Sweet Potato. In 2022, CV SNR Bumi Indonesia exported 64,680 kg of sweet potatoes to Hong Kong as a potential buyer. In 2023, the company focused on developing product quality and production capacity. Currently, the company plans to export its products to new potential markets such as Singapore, Brunei, Malaysia, Japan, and European countries like the Netherlands, Canada, and the UK, where there is demand for sweet potato products. However, CV SNR Bumi Indonesia faces marketing challenges and issues related to business expansion planning in the export market due to the lack of effective marketing or market

penetration strategies. To expand the market and face increasing competition, CV SNR Bumi Indonesia needs to know the right export market expansion strategies. Using the Ansoff Matrix, the company can identify and evaluate strategic options that best fit the market conditions and company needs.

Sri Krishna Chintalapati (2020) showed that the Ansoff Matrix is used to compete and adapt to market desires in target countries. A. Smith (2019) conducted research on market expansion strategies using the Ansoff Matrix, producing a strategy formulation related to segmenting pharmaceutical products to enter new markets by developing products. Ecobici Mihaela Loredana (2017) also conducted research explaining the adaptation strategies when expanding markets using the Ansoff Matrix, finding a link between internal company conditions and strategies when expanding markets using the Ansoff Matrix method. Based on the background described, this research focuses on how the Ansoff Matrix method can help CV SNR Bumi Indonesia in its sweet potato export market expansion strategy.

3. METHODS

This research uses a combination of qualitative and quantitative descriptive methods. The methods describe the analysis results of internal and external conditions through qualitative interviews and quantitative questionnaires, necessary for analyzing company strategies for export market expansion using the Likert scale. The object of the research is CV SNR Bumi Indonesia in expanding the export market of sweet potato products. Data collection techniques include interviews and questionnaires with company leaders and experts from the FTA Support Center Bandung. The questionnaire results are analyzed and presented using the Ansoff Matrix. The Ansoff Matrix or Product/Market Growth Matrix is a strategic planning tool used to help companies determine their growth strategies (Igor Ansoff 1957). This matrix helps companies evaluate and decide on their product and market marketing strategies. The matrix consists of four main strategies:

- a. Market Penetration Market penetration is a strategy for a company’s growth by increasing sales of existing products in current markets (Ansoff 1957). Examples include opening new stores nearby to make it easier for customers to visit, improving advertising, pricing, service options, menu designs (Kotler and Amstrong 2014).
- b. Product Development Product development is a strategy of introducing new products to existing markets. Modifying a product can improve its quality, attracting both existing and new markets (Hussain et al. 2014).
- c. Market Development Market development involves identifying new markets for current products, such as reviewing new demographics and geographies (Kotler and Amstrong 2014). Companies that excel in their current markets have opportunities for growth by developing new markets (Ansoff 1957).
- d. Diversification Diversification involves creating new products for new customer bases, expanding market potential for original products. This includes brand extension or creating new brands and modifying products to create new markets (Ansoff 1957). Diversification is the highest-risk strategy among the Ansoff matrix strategies.

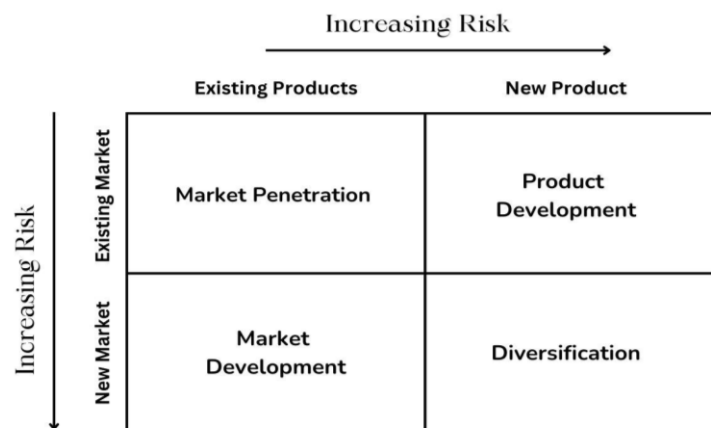


Figure 2: Ansoff Matrix (Source: Ansoff 1957)

4. RESULTS AND DISCUSSIONS

Based on the previously discussed issues, this study aims to formulate a strategy for the export market expansion of sweet potatoes by CV SNR Bumi Indonesia using the Ansoff Matrix method. The first stage involves analyzing the existing conditions of CV SNR Bumi Indonesia regarding the sweet potato exports already conducted. The analysis stage consists of interviews and questionnaire data collection. The data obtained from the questionnaire is used to identify the Ansoff Matrix with Likert scale measurement, and the interview data is used to understand the internal conditions of the company. The findings from the identification of the company's conditions are as follows:

- a. Limited variety of sweet potato products available
- b. Storage duration limitations for the products
- c. The company is aware of the market potential of its products
- d. Active government support for sweet potato exports
- e. The products have export-standard quality and capacity

After analyzing and identifying the internal conditions of the company, the next stage involves data collection using questionnaires for company leaders and experts from the FTA Support Center Bandung. The questions in the questionnaire are formulated based on the need to process data using the Ansoff Matrix. The questions included in the questionnaire are as follows:

Table 2: Ansoff Matrix Strategy Questions

Strategy Points	Questions
Market Penetration	The company has a good understanding of the current sweet potato export market. The company effectively uses promotional strategies to increase sales in the export market. The company has strength in maintaining and increasing market share in the export market. The company has effective marketing strategies to increase market share in the domestic sweet potato market.
Market Development	The company is ready to enter new export markets with its current sweet potato products. The company currently has clear strategies to target potential new export markets. The company understands the risks associated with entering new export markets. The company has conducted research and understands the needs and preferences of consumers in potential markets.
Product Development	The company actively develops new sweet potato product variants to enhance competitiveness in the export market. There are strong research and development initiatives in the company for sweet potato product innovation. The company can adapt to the needs and preferences of the export market with new products. The company proactively conducts research and development to improve sweet potato product quality.
Diversification	The company is open to developing new products beyond sweet potatoes for the export market. The company has the resources and capability to diversify into entirely new markets. Diversification is considered an important part of our growth strategy, especially for sweet potato derivative products. The company views diversification as an important strategy for long-term growth.

The questionnaire items are measured using a Likert scale to identify the Ansoff Matrix strategy for the company, with scores as follows:

Table 3: Likert Scale Scores

No	Answer	Score
1	Strongly Agree	5
2	Agree	4
3	Neutral	3
4	Disagree	2
5	Strongly Disagree	1

The Likert scale scores are processed to obtain the index value using the formula:

$$\text{Index Value} = \left(\frac{\text{Total Score}}{Y} \right) \times 100\%$$

where:

- a. Index Value = Accumulated score for each statement
- b. Total Score = Likert scale score value x Number of respondents who voted
- c. Y = Highest Likert scale score x Total number of respondents

After processing the data to obtain the index value, the results are formulated with criteria for each index value based on Likert scale measurements, producing index values that can conclude the company's readiness to implement the Ansoff Matrix strategy, as shown in the following table:

Table 4: Likert Scale Index Criteria

Index	Criteria
Index 0% - 19.99%	Very Unprepared
Index 20% - 39.99%	Unprepared
Index 40% - 59.99%	Less Prepared
Index 60% - 79.99%	Prepared
Index 80% - 100%	Very Prepared

Based on the index value calculation results for each aspect of the Ansoff Matrix, the results are as follows:

Table 5: Index Value Calculation

Ansoff Matrix Aspect	Total Score	Index Value
Market Penetration	81	$(81/100) \times 100\% = 81\%$
Market Development	87	$(87/100) \times 100\% = 87\%$
Product Development	89	$(89/100) \times 100\% = 89\%$
Diversification	79	$(79/100) \times 100\% = 79\%$

The table above shows the Ansoff Matrix analysis results for CV SNR Bumi Indonesia. The results indicate that the Product Development Strategy, with the highest index value of 89%, falls into the "Very Ready" category. Therefore, the company can implement this strategy to expand its export market. This suggests that product development is crucial for the sweet potatoes owned by the company because the strong index value indicates the company is well-prepared to implement this strategy. Meanwhile, diversification, with an index value of 79%, falls into the "Prepared" category, showing the lowest index value, suggesting that the company should focus on more superior strategies.

5. CONCLUSION

The Ansoff Matrix is a tool that can help companies determine strategies for market expansion. In this case, CV SNR Bumi Indonesia, which plans to expand its export market, can use this tool to determine the most suitable strategies for market expansion. Based on the company readiness measurement results in the export market expansion strategy analysis using the Ansoff Matrix, three superior strategies were identified; Product Development Strategy is the most feasible and recommended for the company to expand the market, with an index value of 89.0%. The company can develop product variants such as frozen sweet potatoes and sweet potato flour. Market Development Strategy is the second-best strategy for the company, with an index value of 87.0%. The company can develop export targets by conducting research and multi-channel distributor searches through B2B e-commerce. Market Penetration Strategy is another ideal strategy for the company, with an index value of 81.0%. The company should actively advertise and promote through owned media, strengthen SEO on online promotional channels, and use paid promotions to attract buyers. Based on the research results, the overall research process went well, but some suggestions might be beneficial for CV. SNR Bumi Indonesia and future researchers: For CV. SNR Bumi Indonesia: Optimize products and evaluate internal weaknesses. The company should address internal weaknesses related to

export activities and product storage limitations, evaluate the products owned, and refine existing marketing strategies. Research usefulness: The authors suggest that this research can be a reference or input for CV. SNR Bumi Indonesia in expanding sweet potato exports. Future researchers are advised to enhance the maturity of data collection in the field, increase the number of data and respondents, and deepen the criteria considered in the data processing procedure to achieve more accurate Ansoff Matrix testing related to exports. Future researchers are encouraged to enhance the maturity of data processing methods by using regression analysis related to the variables used to find potential export trade or market expansion.

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