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# SMARTEYE.ID'S BUSINESS EXPANSION STRATEGY FOR GLOBAL MARKET PENETRATION THROUGH THE ANSOFF MATRIX

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**ABSTRACT**

The rapid advancement of Virtual Reality (VR) technology has significantly increased the demand for high-quality VR content. However, developing such content remains time-consuming and costly. Smarteye.id, an Indonesian tech startup supported by Telkom Indonesia, addresses this challenge through Sevilla, an innovative VR plugin designed to streamline content creation. As global VR adoption continues to rise, Smarteye.id aims to expand Sevilla's reach internationally. Nevertheless, this expansion faces critical challenges, including intense competition, varying consumer preferences, and product localization barriers. This study employs the Ansoff Matrix framework to identify strategic options for global market entry, ranging from product development to market penetration. The findings highlight that a product development strategy provides a comprehensive approach to accelerating Smarteye.id's growth in the international market. This research contributes to the fields of strategic management and technology marketing by offering practical insights into global expansion strategies for emerging VR technologies.

## 1. INTRODUCTION

The rapid advancement of technology in the modern era has had a profound impact on various fields and aspects of human life. This is due to the rapid pace of technological development over time, which has led to the emergence of numerous new technological innovations. One such innovation is Virtual Reality (VR), which gained widespread attention in 2016. Virtual Reality (VR) refers to an artificial environment that allows users to experience real interactions with the environment through simulations using computer hardware and software (Onyesolu, 2009).

The rapid development of both hardware and software has made VR more affordable and accessible to the general public. According to a report by Markets and Markets (2021), the global VR market is projected to grow from USD 21.83 billion in 2021 to USD 69.60 billion by 2026, with a Compound Annual Growth Rate (CAGR) of 26.8%. This growth is driven by the increasing adoption of VR across various industries, including gaming, education, healthcare, and the military.

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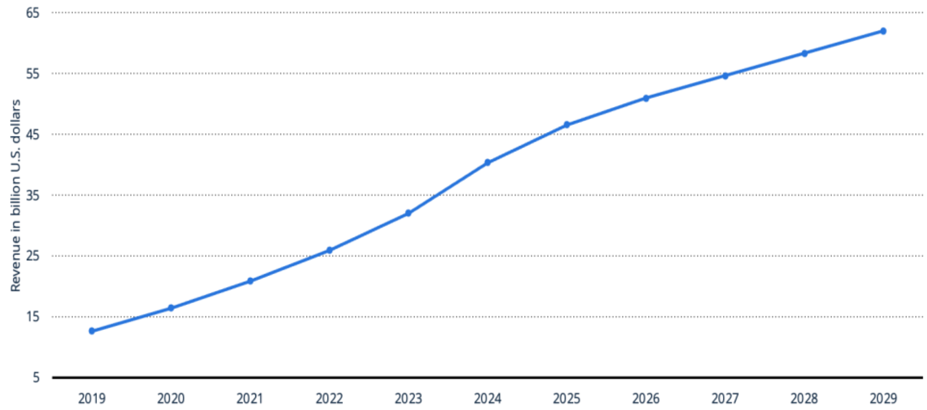



**Figure 1: Graph of VR/AR World Wide** (Source: Statista, 2023)

The graphical information above is based on a report from Statista Advertising & Media Insights (2023) regarding the global VR market share. The global VR market share is expected to continue growing at a rate of 53.74% from 2024 to 2029. After ten consecutive years of growth, this indicator is projected to reach USD 62.03 billion by 2029. The Asia-Pacific region is expected to record the highest Compound Annual Growth Rate (CAGR) of over 32.9% from 2023 to 2030, driven by increased digitalization and advancements in virtual reality technology, particularly in the gaming and entertainments sector. North America contributed a significant portion of revenue in 2022 due to the high adoption of VR technology in the region.

The factors of high income levels and decreasing prices of headsets with screens and processors have also contributed to the growing interest from potential users. The United States, in particular, is a key driver of regional market growth, thanks to the presence of major players in the technology sector such as Microsoft Corporation, Google LLC, and Facebook Technologies, LLC (Oculus), along with their large-scale investments in VR technology. Europe is also expected to witness substantial growth in the VR market due to the significant integration of smart devices. An example of this is the spread of VR headsets across various industries, including defense, entertainment, and education, to enhance and develop visual experiences. The increasing use of VR technology in theme parks, cafes, gaming arenas, and exhibitions is also positively impacting the growth of the regional market. This growth is fueled by the rising adoption of VR across multiple industrial sectors.

In response to this development, Smarteye.id, an Indonesian tech start-up, has developed a VR plugin designed to help VR developers improve efficiency in content creation. Smarteye.id aims to reduce the time and costs associated with the development process, while enhancing the flexibility and customization of its VR development tools. With the global growth and penetration of VR technology showing a positive trend, this presents an opportunity for Smarteye.id to expand its product into international markets. As a micro tech start-up, Smarteye.id faces challenges in executing business expansion strategies and marketing its products globally. Therefore, an ideal business expansion and product marketing strategy is needed to ensure that Smarteye.id, through its product Seville, can tailor its offerings to meet the needs and characteristics of global markets. To expand its market and face increasing competition, Smarteye.id needs to identify the right export market expansion strategies. By utilizing the Ansoff Matrix, the company can assess and select strategic options that align with both market conditions and its internal needs.

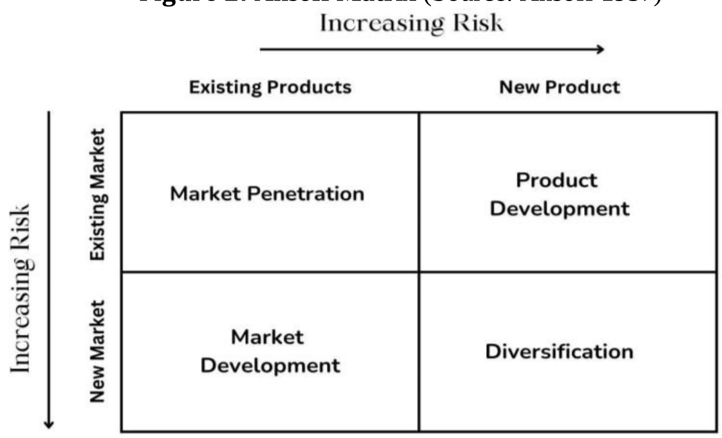
According to research by Chintalapati (2020), a proper combination of the Ansoff Matrix and the Marketing Mix can enhance the chances of successful business expansion into global markets. A study by A. Smith (2019) also suggests that the Ansoff Matrix offers valuable insights for market expansion strategies, particularly in the pharmaceutical industry. Based on the background outlined, this research focuses on how the Ansoff Matrix can assist Smarteye.id in developing its market expansion strategy.

## 2. METHODS

This study employs a mixed-methods approach, combining both qualitative and quantitative descriptive techniques. These methods are used to analyze internal and external conditions through qualitative interviews and quantitative surveys, which are essential for evaluating the company's strategies for export market expansion, using the Likert scale. The research focuses on Smarteye.id and its efforts to expand the export market for Seville, VR plug-in products. Data collection involves conducting interviews and administering questionnaires to company leaders and Seville developers from Smarteye.id. The results of the questionnaires are analyzed and presented using the Ansoff Matrix. The Ansoff Matrix, also known as the Product/Market Growth Matrix, is a strategic tool developed by Igor Ansoff in 1957 to assist companies in determining their growth strategies. This matrix helps businesses assess and choose the most appropriate strategies for marketing their products and entering new markets. It consists of four key strategies:

a. Market penetration: growth strategy in which a company seeks to increase the sales of its existing products within its current markets (Ansoff, 1957).
b. Product Development: strategy that involves seeking new markets for existing products, which may include targeting new demographics or geographic regions (Kotler & Armstrong, 2014).
c. Market Development: involves identifying new markets for current products, such as reviewing new demographics and geographies (Kotler and Amstrong, 2014).
d. Diversification: refers to the development of new products aimed at new customer segments, thereby broadening the market potential for existing products. This strategy may involve brand extension, the creation of new brands, or modifying products to enter new markets (Ansoff, 1957). Among the strategies in the Ansoff Matrix, diversification carries the highest level of risk.

**Figure 2: Ansoff Matrix** (Source: Ansoff 1957)




## 3. RESULTS AND DISCUSSIO

### Research Results

Based on the previously discussed issues, this study aims to formulate a strategy for the product market expansion of Seville, VR plug-in by Smarteye.id using the Ansoff Matrix method. The first stage involves analyzing the existing SWOT of Smarteye.id through its product, Seville. 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. The company is aware of the market potential of its products
b. Active parent company (PT Telkom Indonesia) support for Seville, VR plug-in
c. The product has global market-standard quality and capacity

d. The product has unique value proposition

After analyzing and identifying the internal conditions of the company, the next stage involves data collection using questionnaires for company leaders and developers from the Smarteye.id. The questions in the questionnaire are formulated based on the need to process data using the Ansoff Matrix that integrated with SFA (Suitability, Feasibility, and Acceptability) framework. The questions included in the questionnaire are as follows:

**Table 1:** Ansoff Matrix Strategy Integrated with SFA Questions

| | |
|---|---|
| **Market Penetration** | **Suitability** |
| | Smarteye.id has sufficient resources to increase market share in the existing VR market. |
| | **Feasibility** |
| | Smarteye.id has adequate infrastructure to support increased market penetration. |
| | **Acceptability** |
| | This strategy is acceptable to Smarteye.id's internal and external stakeholders. |
| **Market Development** | **Suitability** |
| | Smarteye.id has products that are suitable for development in the international market. |
| | **Feasibility** |
| | Smarteye.id has sufficient resources to support global market expansion. |
| | **Acceptability** |
| | Investors and stakeholders supported the global market expansion strategy. |
| **Product Development** | **Suitability** |
| | The development of new features for Seville VR Plugin is a suitable strategy to deal with global market demands. |
| | **Feasibility** |
| | Smarteye.id has the technology and team in place to develop new products to suit the global market. |
| | **Acceptability** |
| | New product development will be welcomed by Smarteye.id's customers and business partners. |
| **Diversification** | **Suitability** |
| | Diversifying into new products or services is a step that fits Smarteye.id's long-term vision. |
| | **Feasibility** |
| | Smarteye.id has sufficient resources to diversify products or markets. |
| | **Acceptability** |
| | Diversification is expected to gain support from investors and other stakeholders. |

The questionnaire items are assessed using a Likert scale to determine the Ansoff Matrix strategy for the company, with the following scoring system:

**Table 2:** 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:

Index value: $\left(\frac{Total\ Score}{Total\ number\ of\ respondents}\right)x100$

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 derive the index values, the results are categorized according to the criteria for each index value based on Likert scale measurements. This analysis yields index values that provide insights into the company's readiness to implement the Ansoff Matrix strategy. The calculated index values for each aspect of the Ansoff Matrix are as follows:

**Table 3:** Ansoff Matrix Results

| ***Existing Product*** | ***New Product*** |
|---|---|
| ***Market Penetration***<br>Index Value: 81% | ***Product Development***<br>Index Value: 88% |
| ***Market Development***<br>Index Value: 83% | ***Diversification***<br>Index Value: 80% |

**Table 4:** Index Value Calculation

| Ansoff Matrix Aspect | Total Score | Index Value |
|---|---|---|
| Market Penetration | 81 | (81/100)×100%=81% |
| Market Development | 83 | (87/100)×100%=83% |
| Product Development | 88 | (89/100)×100%=88% |
| Diversification | 80 | (79/100)×100%=80% |

Based on the results of the analysis conducted using the Ansoff Matrix method integrated with the SFA (Suitability, Feasibility, Acceptability) analysis, the Product Development strategy gets the highest index value, compared to other strategies such as Market Penetration, Market Development, and Diversification. With the highest index value, it shows that the product development strategy is the most suitable, feasible, and acceptable strategy option in Smarteye.id's plan to expand the global market through its product, Seville VR Plugin. The Ansoff Matrix product development strategy directs companies to focus on developing their products and adapting products according to the needs of the target market.

## 4. CONCLUSION

Based The Ansoff Matrix is a strategic framework that aids companies in determining effective approaches for market expansion. In this study, Smarteye.id applied the Ansoff Matrix to explore opportunities for global market entry, complemented by the SFA (Suitability, Feasibility, Acceptability) Matrix to evaluate the viability of each strategy. Based on the analysis, the product development strategy was identified as the most feasible option, with an index value of 88%. This strategy emphasizes enhancing the Seville VR Plugin by introducing advanced features and tailoring solutions to meet the unique demands of various industries, positioning Smarteye.id as a leading innovator in the global VR market. The market development strategy ranked as the second-best approach, achieving an index value of 83%. This strategy focuses on targeting new geographical markets and early-stage VR developers through strategic partnerships, collaborations with tech communities, and participation in international trade expos to build a global presence. The Market penetration strategy, with an index value of 81%, also offers a promising pathway for Smarteye.id's expansion. Strengthening digital marketing initiatives, including SEO optimization, paid advertisements, and collaborations with influencers, could enhance brand visibility and attract a wider audience. Lastly, the diversification strategy, scoring an index value of 80%, presents opportunities for the company to explore entirely new products or markets. While it offers potential for innovation and growth, it is the least feasible option due to higher risks and resource requirements. In conclusion, Smarteye.id demonstrates strong potential for global market expansion, particularly through product innovation and targeted market development. To ensure the successful implementation of these strategies, the company must address internal challenges such as optimizing operational scalability and building a robust infrastructure to support international clients. Furthermore, establishing a global customer support system will be crucial to maintaining customer satisfaction in diverse markets. Future research should consider incorporating qualitative insights, such as interviews with industry experts or case studies of similar companies, to enrich the analysis and provide additional perspectives for businesses aiming to expand globally.

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