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## SWOT ANALYSIS OF COMPETITIVE ADVANTAGES STRATEGY 'KARAWO' HANDICRAFT INDUSTRY IN GORONTALO CITY

Oleh

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**Abstract:** This study aims to 1). analyze and find out what factors affect the internal and external environment in order to maintain the competitive advantage of SMI, Karawo handicraft industry ?; 2). find out and analyze what efforts were made by both business people (SMI) and local governments in order to maintain and support competitive advantage from SMI, Karawo handicraft industry in Gorontalo City; 3). analyze the competitive advantage strategy that is carried out by every SMI in Gorontalo city in winning the competition. The method used in this study is a survey method by conducting data collection techniques through interviews, observation and through questionnaires. The assessment is carried out by identifying the current internal and external environment so as to achieve the conditions expected in the future related to the competitive advantage strategy of the Karawo handicraft industry in Gorontalo City. To analyze these factors in order to formulate a competitive advantage strategy for SMI, especially the Karawo handicraft industry, it is carried out with a SWOT Analysis approach. The results show that the strategy to achieve the competitive advantage of the furniture industry in Gorontalo in the future can be done with Turnaround strategy, namely the way the internal approach can be done is by shortening the production chain that has been producing Karawo embroidery requires different skills and craftsmen. through this strategy or stage, it can be done by one of the craftsmen. The second stage is externally through a process of training and mentoring by universities, local governments and entrepreneurs to conduct training for mothers, the younger generation to train the process of slicing and embroidering in other words creating new craftsmen and fostering the interest of young people to like and use products The Karawo.

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**PRELIMINARY**

Karawo's industrial development in Gorontalo is dominated by small businesses, not by large-scale businesses. Therefore, the role of small businesses, especially micro, in the Karawo industry is very important. Gorontalo openwork embroidery crafts are unique or distinctive when compared to some embroidery crafts in other regions in Indonesia. The uniqueness of filigree embroidery lies in the pattern of workmanship, especially in the process of slicing or removing thread / fabric that requires patience and high accuracy so that the cloth media used is not damaged. The length of the perforation process depends very much on the thickness and density of the fabric used and the skill of the craftsman. Another uniqueness is in the process of embroidery, where if the embroidery patterns used are tapestry patterns, in the filigree need to mate two patterns, namely tapestry and connective embroidery, so the fabric fibers are stretched because they have previously been removed, the knots can be joined again. Overall, the technique of making openwork embroidery, starting from making motifs, piercing to embroidery, is still done manually with simple equipment, (Bank Indonesia, 2011)

At first the filigree embroidery was produced only limited with simple motifs and patterns. However, in line with developments, encouraging filigree embroidery craftsmen to produce filigree cloth embroidery products as ready-to-sew clothes, especially for women's clothing. Various creative innovations also continue to grow, where filigree embroidery has also been found in more ready-to-use forms such as fans, handbags, wallets, Muslim clothing / Muslim women, mukenah, shirts, tissue holders, skullcaps, handkerchiefs, table cloths, sandals, suits, ties and pillowcases with more varied raw materials and more colorful embroidery motifs. The emergence of a variety of new creativity and innovation that continues to grow, encourages the more familiar filigree embroidery to the national level and the increasing demand from various circles, especially migrants who visit Gorontalo.

Seeing the potential and market opportunities that are quite good from the openwork embroidery craft business in Gorontalo Province, the company in this case the karawo industry needs to do and determine the competitive strategy to achieve the competitive advantage of the company / industry to survive.

Problems in creating attractive competitive advantages to be applied to Karawo handicraft industries in Gorontalo City. The Karawo industry is increasingly developing as a form of attention from small entrepreneurs, as well as the government. However, in line with the increasing growth and development of the Karawo industry in Gorontalo City, business competition has increased in the same industry as well as in other industries that produce substitute products / goods that can replace the position of products produced by Karawo Industries small businesses in the City Gorontalo. So that to be able to compete, micro businesses, especially the Karawo industry in the city of Gorontalo, need a competitive strategy so as to create a competitive advantage of the company (Karawo industry).

**Strategy Concept**

Many terms, definitions or definitions are made about this strategy which in many cases causes confusion in many circles. In essence there is no one term, definition, or understanding that can be standardized about this strategy.

From several surveys that have been conducted on CEOs and VP of Corporate Planning of several companies as quoted in his book Crown Dirgantoro (2007: 4-5) with the title

"Management Strategy: concepts, Cases and Implementation, then obtained some general conclusions about the meaning of the strategy:

The First Group states that strategy is the philosophy of the company. This is stated by an example statement such as "our goal is to make the product the market leader".

The second large group said or interpreted the strategy as a mission statement, which one example of the mission statement reads like this, "We are committed to building our global business and having a significant influence on every major market.

The third group defines strategy as a specific statement about competitive advantage or competitive advantage. An example of a flying company that states it as follows, "we will transport more passengers from other airlines in America or Europe and achieve market excellence in the area by preparing services at reasonable prices".

The fourth group that is quite large is those who interpret strategy as a combination of the three groups mentioned earlier.

Furthermore, the understanding of the strategy has several types as stated by experts in their respective books. According to Stepani K. Marrus, as quoted by Umar (2008: 31), the strategy is defined as a process of determining the plans of the top leaders who focus on the long-term goals of the organization, as well as the formulation of ways or efforts to achieve these goals. In addition to general definitions of strategies, there are also more specific ones. The following is the strategy definition proposed by Fred R. David (2006: 16), where the definition of a strategy is translated as follows:

Strategy is a tool to achieve long-term goals. Strategy is a potential action that requires high-level management decisions and large amounts of company resources. In addition, the strategy influences the company's prosperity in the long term, especially for five years, and is oriented towards the future. The strategy has a multifunctional and multidimensional consequence and needs to consider the external and internal factors faced by the company.

According to Hunger & Wheelen (2003: 16) Said that the strategy is a formulation of comprehensive planning about how the company will achieve its mission objectives. Strategies will maximize competitive advantage and minimize the limitations of competitive limitations.

### **Competitive Advantage**

The number of used Competitive Advantage terms which are translated as "competitive advantage" often causes confusion. The term is often exchanged with the term Comparative Advantage. Therefore, I really need to briefly review these two meanings before further reviewing Competitive Advantage. The following is a brief review of the differences in Comparative Advantage and Competitive Advantage as quoted from his book Crown Dirgantara (2007: 157-159).

Comparative Advantage, the concept was first put forward by David Ricardo in the early 19th century. The key word is comparative which is defined as "Relative". that is, if it is illustrated in the scope of the company, it can simply be interpreted as follows: the company should focus on producing products that, when produced themselves are relatively more efficient and provide benefits to the company, while those that do not provide benefits should not be done alone, for example, can be subcontracted.

The competitive advantage itself develops from the value that the company can create for its buyers that exceeds the company's costs in creating it. Value is what buyers are willing

to pay, while superior value comes from lower price offers than competitors. Competitive advantage comes from many different activities carried out by the company in designing, producing, marketing, delivering, supporting its products.

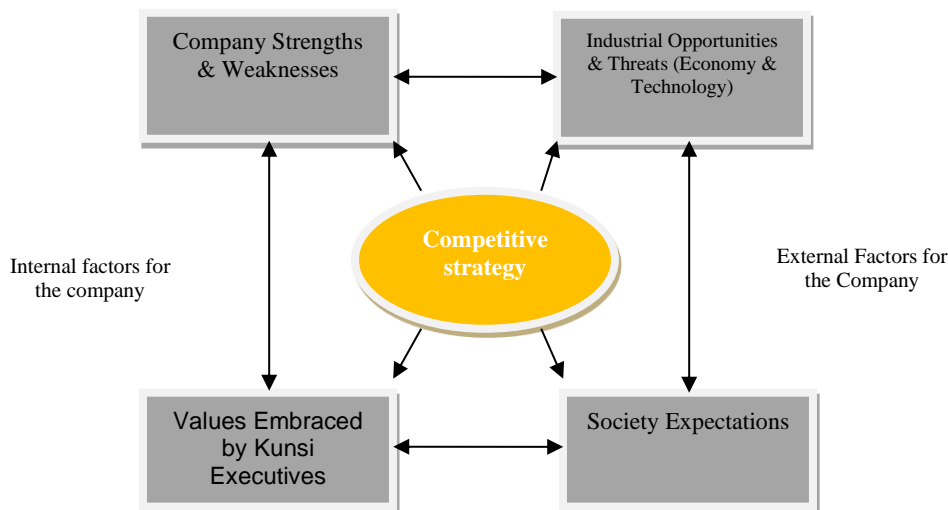
According to Dirgantoro (2007: 71) states that achieving competitive advantage, which is a superior position compared to competitors, is not an easy thing and is actually not too difficult. To be able to identify what advantages the company has and will continue to develop compared to competitors, the company needs to understand the existing pattern of competition and the company's position in competition.

### Competitive strategy

According to Porter (2012: xvi) said that the competitive strategy is a combination of the end (goal) that the company struggles with (policy) where the company tries to get there. Companies have different terms for some of the concepts described for example, some companies use terms such as "mission" or "goal" instead of the term "goal", and some companies use "tactics" instead of "operations" or "functional policies". However, the basic rationale regarding the strategy is included in the difference between the final goal in a way.

**Picture 2.1** illustrates that at the widest level the formulation of a competitive strategy must consider the four main factors that determine the limits that a company can achieve successfully. Company strengths and weaknesses are profiles of wealth and skills relative to competitors, including financial resources, technology positions, brand identification, and others. The personal values of the organization are the motivation and needs of key executives and other personnel who must implement the strategies that have been chosen. Strengths and weaknesses combined with these values determine internal limits (for companies) against competitive strategies that can be applied by the company successfully.

Picture 2.1 Context where the Competitive Strategy is Formulated



Source: Adapted from Michael E Porter. Competitive strategy. 2012

## RESEARCH METHODS

### Research design

Based on the research objectives to be achieved, namely to find out what problems faced by the handicraft industry "Karawo" specifically in terms of gaining competitive advantage. To analyze these factors in order to formulate a strategy for the excellence of small industry competition, especially the Karawo, the SWOT Analysis approach is carried out.

### Object of research

This research will be conducted in Gorontalo City with the object of research in the small and medium business sector of Karawo handicraft industry.

## RESULTS AND DISCUSSION

The results of research conducted in several Karawo handicraft industries in the area of Gorontalo City, especially those related to Karawo handicraft industry, are supported by interviews with all Stake Holders and through Focus Group Discussion (FGD). Then through the SWOT analysis tool, an analysis of internal and external environmental conditions will be described. which are the factors that influence the competitive advantage strategy of the Karawo handicraft industry.

The following are the results of interviews and observations and FGDs related to internal environmental factors (strengths and weaknesses) as well as the external environment (opportunities and threats) which can be seen in table 5.1 as follows:

**Table 5.1**  
**Identification of Internal and External Environmental Factors**

Description	SWOT Identification Results
<b>Internal Environment (Strengths and Weaknesses)</b>	• Product quality is a regional and unique characteristic (S)
	• Control system that is maintained and product availability (S)
	• Direct sales system to craftsmen, so consumers can determine their own motives (S)
	• Central industry / strategic Karawo craft location (S)
	• An attractive Karawo business / Outlet / gallery place (S)
	• Skilled workforce / craftsmen (S)
	• Variable motif design (S)
	• The production system has more "Makloon" patterns, (W)
	• Weak marketing management has made it difficult for craftsmen to develop markets (W)
	• Product prices are quite expensive (W)
	• Lack of craftsmen slicing and embroidering (W)
	• Lack of business capital (W)
	• Fabric raw materials used are limited to certain types of

<b>External Environment (Opportunities and Threats)</b>	fabric (W)
	• For craftsmen working in Karawo is a side job (W)
	• Local government policy support (licensing and promotion support (O)
	• Demand for Karawo products that are increasing (O)
	• Wide open capital access (O)
	• The social conditions of the community related to lifestyles that want luxurious (quality) products (O)
	• The new entrepreneur Karawo who is able to accommodate the production of craftsmen (O)
	• Number of threats to enter newcomers / same products (T)
	• Lack of interest in the younger generation to pursue and explore Karawo craft techniques (T)
	• The existence of businesses / substitute goods that can replace Karawo products (T)
	• Competition among fellow craftsmen / entrepreneurs in Karawo industry (T)
	• Increasing prices of raw materials (T)

Source: Interview results & Observations processed. 2015

#### Internal Factor Evaluation Matrix

The following analysis of internal environmental factors in the SMI sector (Karawo handicraft industry) can be seen in the following table:

Table: 5.2

#### IFAS (Internal Factors Analysis Summary) Strategic Competitive Advantages of the SMI Sector (Karawo Handicraft Industry)

Internal Strategic Factors	Score	Rating	Total score	Inf.
<b>Power:</b>				
• Product quality is regional and unique	0,0801	4	0,3207	
• A control system that can be maintained, and product availability	0,0756	3	0,2269	
	0,0741	3	0,2223	



• Direct sales system to craftsmen, so consumers can determine their own motives	0,0726	2	0,1452	
• Centra industry / Strategic Karawo craft location	0,0741	3	0,2223	
• There is a business place / Outlet / Karawo gallery interesting	0,0695	1	0,0695	
• Workers / craftsmen, who are skilled	0,0711	2	0,1422	
• Variable motif designs				
<b>Total Strength Score</b>	<b>0.517398</b>		<b>1.34947</b>	
<b>Weakness:</b>				
• The production system has more "Makloon" patterns	0,0696	3	0,2090	
• Weak marketing management so that craftsmen find it difficult to develop markets	0,0742	1	0,0742	
• The price of the product is quite expensive	0,0681	4	0,2727	
• Lack of craftsmen slicing and embroidering	0,0712	2	0,1424	
• Less business capital	0,0636	4	0,2545	
• The raw material for cloth used is limited to certain types of fabrics	0,0696	3	0,2090	
• For craftsmen working on Karawo is a side job	0,0651	4	0,2606	
<b>Total Weakness Score</b>	<b>0.4818</b>		<b>1.4227</b>	
<b>Total</b>	<b>1</b>		<b>2,7742</b>	
<b>Difference of Strength-Weakness</b>			<b>- 0.0712</b>	

Source: Data interview & Questionnaire processed, 201

Based on the IFAS matrix in table 5.2 above shows that the position of the SMI sector (Karawo handicraft industry) concerning the development of its business, is in a relatively good position in dealing with its internal environment with a total value of 2,774, thus the SMI (Karawo handicraft industry) sector in terms of development strategy has tried as optimally as possible to harness the power to reduce weaknesses.

Next table 5.2 above can be explained the total strength score is greater than the total weakness score ( $x < 0$ ) with the difference in total strength score - weakness of - 0.0712. Data obtained based on the results of interviews and questionnaire results, that the weakness factor is more dominant than strength.

**Factor External Evaluation Matrix**

Following is an analysis of external environmental factors in the SMI sector (Karawo Handicraft Industry) can be seen in the following table:

**Table: 5.3**  
**EFAS (External Factors Analysis Summary)**  
**Strategic Competitive Advantages of the SMI Sector**  
**(Karawo Handicraft Industry)**

Eksternal Strategic Factors	Score	Rating	Total score	Inf.
<b>Opportunities:</b>				
• Support local government policies (licensing and promotion support)	0,1085	4	0,4340	
• Demand for Karawo products is increasing	0,1042	2	0,2085	
• Access to large open capital	0,0978	4	0,0978	
• The social condition of the community is related to the lifestyle want a luxury product (quality)	0,1063	3	0,3191	
• The new Karawo businessman is capable accommodate the production of craftsmen	0,1042	2	0,2085	
<b>Opportunity Total Score</b>	<b>0,5212</b>		<b>1,2680</b>	
<b>Threat</b>				
• The number of threats to enter newcomers / the same product	0,0957	2	0,1914	
• Lack of interest in the younger generation to pursue and explore Karawo craft techniques	0,0914	3	0,2744	
• There are businesses / substitute goods that can replace Karawo products	0,0872	4	0,3489	
• Competition among fellow craftsmen / entrepreneurs in Karawo industry	0,1085	1	0,1085	
• Prices of raw materials are increasing	0,0957	2	0,1914	
<b>Threat Total Score</b>	<b>0,4787</b>		<b>1,1148</b>	
<b>Total</b>			<b>2.3829</b>	
<b>Difference of Opportunity -</b>			<b>0,1531</b>	



Threat				
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Source: Data interview & Questionnaire processed, 2015

Based on the EFAS matrix in table 4.3 above, it can be seen that the position of the SMI sector (Karawo handicraft industry) concerns its external factors / business development, is in a relatively unfavorable position in dealing with its external environment with a total value of 2.38. Thus the SMI sector (Karawo handicraft industry) in terms of its development strategy Karawo handicraft industry in general has not fully been able to respond to opportunities well and is able to anticipate threats or in other words have not been able to take advantage of opportunities to avoid threats.

Based on table 4.3 can be seen the difference in the total score of opportunities and threats by 0.1531. This means that the odds score is greater than the threat ( $y > 0$ ).

#### Matrix of Company Position .

Based on the evaluation matrix of internal and external factors above, matrix position can be made, to see where the position of the competitive advantage of Karawo handicraft industry is in Gorontalo City. Based on Table 4.2 obtained the value of  $X < 0$  (- 0.0712) and table 4.3 obtained the value of  $Y > 0$  (0.1531)

**Picture 4.1: Strategy Position Matrix Competitive Advantages of Karawo Handicraft Industry in Gorontalo City**

External Factor		Internal Factor	
Quadrant III Strategy of Turn -Around x (-)	y (+) (0,1531) (- 0.0712)		Quadrant I Strategy of Aggressive x (+)
Quadrant IV Strategy of Defensive y (-)			Quadrant II Strategy of Diversification

#### Determination of Alternative Strategies

Strategy - the strategy of competitive advantage of Karawo handicraft industry in Gorontalo City can also be done with several alternatives. Determination of alternative strategies that can be developed related to business development and competitive advantage of the SME sector Karawo handicraft industry business in the city of Gorontalo can be done by making a SWOT analysis / matrix. This SWOT Matrix is built based on the results of the analysis of strategic factors both external and internal which consist of opportunities, threats, strengths and weaknesses, as well as (Rangkuti: 2005)

Based on the SWOT matrix, four main strategies can be prepared, namely; SO, WO, ST

and WT. Each of these strategies has its own characteristics and should be implemented in the next strategy jointly and mutually support each other.

Based on all of the above analysis, various alternative strategies for competitive advantage in the SMI sector, Karawo industry in Gorontalo City can be prepared, as follows:

**Table 5.4**  
**SWOT Matrix Alternative Competitive Advantage Strategy**  
**SME Sector Karawo Handicraft Industry**

<div style="display: flex; align-items: center; justify-content: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Internal</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Exsternal</div> </div>	Strength (S)	Weakness (W)
	<ol style="list-style-type: none"> <li>1. Product quality is regional and unique</li> <li>2. Maintaining control systems and product availability</li> <li>3. Direct selling system to craftsmen, so consumers can determine their own motives</li> <li>4. Centra industry / strategic Karawo handicraft location</li> <li>5. There is an attractive business place / Outlet / gallery Karawo</li> <li>6. skilled workers / craftsmen</li> <li>7. Variety of motif designs</li> </ol>	<ol style="list-style-type: none"> <li>1. Production system for more "Makloon" patterns</li> <li>2. Weak marketing management so that craftsmen find it difficult to develop markets</li> <li>3. The price of the product is quite expensive</li> <li>4. Lack of craftsmen slicing and embroidering</li> <li>5. Lack of business capital</li> <li>6. Fabric raw materials used are limited to certain types of fabrics</li> <li>7. For craftsmen working on Karawo is a side job</li> </ol>
Opportunity (O)	Strategy S – O	Strategy W – O
<ol style="list-style-type: none"> <li>1. Support local government policies (licensing and promotion support</li> <li>2. Demand for Karawo products is increasing</li> <li>3. Access to large open capital</li> <li>4. The social conditions of the community related to lifestyles</li> </ol>	<ul style="list-style-type: none"> <li>• Products and Services tend to be differentiated (S1, S3, S4, S5, S6, S7 O2, O4)</li> <li>• Expand marketing channels (S2, S3, S4, S5, S7, O1, O2, O3, O4, O5).</li> </ul>	<ul style="list-style-type: none"> <li>• Open the Karawo Course Institute. (W1, W4, O1, O2, O3, O5,)</li> <li>• Designing business plans (Business Plan) (W2, W5, O1, O2, O3, O5)</li> <li>• Credit initiatives to increase business</li> </ul>

that want luxury products (quality) 5. The new Karawo businessman is able to accommodate the production of craftsmen		capital (W1, W4, W5 W7, O1, O2, O4,)
<b>Threat (T)</b>	<b>Strategy S - T</b>	<b>Strategy W - T</b>
1. The number of threats to enter newcomers / the same product 2. Lack of interest in the younger generation to pursue and explore Karawo handicraft techniques 3. The existence of businesses / substitute goods that can replace Karawo's products 4. Competition against fellow craftsmen / entrepreneurs in Karawo industry 5. Increasing prices of raw materials	<ul style="list-style-type: none"> <li>• Fix and Improve product quality (S1, S6, S7, T1, T3, T4)</li> <li>• Invite and train young people to continue the typical crafts of Gorontalo culture (S6, T2, T4)</li> </ul>	<ul style="list-style-type: none"> <li>• Establish Cooperative Institutions for Karawo Business Groups (W1, W2, W5, W7, T1, T3, T4, T5)</li> <li>• Intensity of doing business promotions (W2, T1, T2, T3)</li> </ul>

Source: Interview data processed. 2015

### Discussion

Based on Picture 4.1 (Strategy Position Matrix of Competitive Advantages of Karawo Handicraft Industry in Gorontalo City), it can be concluded that the strategy of competitive advantage in Karawo industrial SMI is in quadrant III position. The strategy that must be implemented in this condition is to support saving or shrinking policies, the strategy is the Turnaround strategy.

This strategy is recommended to be used when the attractiveness of the industry is high even though the company is actually experiencing difficulties even though it has not been a crisis. Companies usually experience several internal constraints / weaknesses. This strategy emphasizes efforts to improve operational efficiency, which is implemented in two stages. **The first** is the problem of contraction, namely efforts that aim to reduce company costs; **the second** is consolidation, namely the development of programs to stabilize the company

In the two stages above, internal and external approaches can be carried out. The internal approach can be done is by shortening the production chain that has been producing Karawo embroidery requires different skills and craftsmen, then through this strategy or stage can be done by one of the craftsmen. The second stage is through the process of training

and mentoring by universities, local governments and entrepreneurs to conduct training for mothers, the younger generation to train the process of slicing and embroidering in other words creating new craftsmen and fostering the interest of young people to like and use the Karawo products .

Besides the strategies outlined above to be able to achieve competitive advantage, several alternative strategies can be carried out based on the SWOT analysis, as follows:

### **S-O strategy**

The strategy to gain competitive advantage in the Karawo handicraft industry in the city of Gorontalo by using all the strengths and opportunities available, that is:

#### **1. Products and services tend to be differentiated (S1, S3, S4, S5, S6, S7 O2, O4)**

Karawo handicraft products will be more interested if the product is differentiated in terms of products and services. Forms of product & service differentiation can be achieved through:

##### **a) Privileges (Feature)**

Most products can be offered with a variety of features, namely characteristics that complement the basic functions of the product. The effort to be the first to introduce valuable new features is one of the most effective ways to compete. this method has been done by craftsmen by introducing Karawo's production results on some good quality raw materials and first done for Karawo's handicraft industries such as Silk fabric and catoon. Besides that, the historical value of Karawo embroidery is indeed a embroidery product that is not owned by other regions.

##### **b) Design Style**

Style (Stile) describes the appearance and feeling caused by the product for the buyer. Buyers are usually willing to pay additional prices for products that are given an attractive style. This can be done by doing motif designs not only limited to floral motifs, but rather developed on other motifs with themes that follow the times and the development of fashion.

##### **c) Ease of ordering**

Ease of ordering refers to how easily the customer / prospective buyer can place an order with the manufacturer. The ease of ordering all this time by the craftsman is where the prospective buyer directly places the production of the craftsman, this is done by the prospective buyer ordering the design of the motif favored by the buyer.

##### **d) Customer consultation**

Customer consultation (customer consulting) refers to the service of ordering motif designs according to customers, raw materials used (fabric & yarn).

#### **2. Expand marketing channels (S2, S3, S4, S5, S7, O1, O2, O3, O4, O5).**

Expansion of market share can be done so that the production of the Karawo handicraft industry is not only sold in Gorontalo City alone as a potential market, but this product can be marketed to other cities that already know the product well such as North Sulawesi, Makassar and Jakarta. Expanding market share abroad is also impossible because the initial steps for that have been done through promotion in the form of the Karawo handicraft industry participation in several international events (exhibitions) abroad such as Dumai, Malaysia, Singapore and Japan sponsored by the Ministry The Cooperative Industry, the MSME and the Ministry of Trade of the Republic of Indonesia,

which makes Karawo products a local superior product that can compete nationally. With this opportunity in the future this product (Karawo) can be used as a superior product for export abroad considering the quality of products from Karawo industry has quality and design that is no less competitive.

#### **W-O strategy**

The strategy to gain competitive advantage in the Karawo handicraft industry in Gorontalo city by minimizing all weaknesses to take advantage of the opportunities that exist, that is:

**1. Open the Karawo Course Institute. (W1, W4, 01, 02, 03, 05,)**

The limitation of licensing, especially for fabric slicer and embroidery craftsmen, can be done by establishing a Institute of Skills Courses (ISC) specifically fostering young people who are interested in continuing the handicraft of Gorontalo culture from generation to generation.

**2. Designing a business plan (Business Plan) (W2, W5, 01, 02, 03, 05)**

This business plan can usually be used by entrepreneurs (Karawo industry entrepreneurs) to look for potential investors who can help capital side for business continuity. Besides that the most important thing is that the business plan that is prepared can find out what, how, who, when and why the business is run.

**3. Credit initiatives to increase business capital (W1, W4, W5 W7, 01, 02, 04,)**

Capital is the most important thing in any business continuity. Large business scale certainly requires large capital. The capital can be used to obtain more raw materials and supporting materials in increasing production in terms of the quality and quantity of Karawo's handicraft industry

#### **S-T Strategy**

The strategy to gain competitive advantage in the Karawo handicraft industry in the city of Gorontalo by using all the power to overcome existing threats, that is:

**1. Improve and improve product quality (S1, S6, S7, T1, T3, T4)**

Improving and improving product quality is the most important thing that must be done by every Karawo handicraft industry in Gorontalo City, this is done to anticipate all kinds of threats that can interfere with the continuity of the production of Karawo handicraft industry. Product quality improvement can be carried out, among others, by making a differentiation strategy for the product, namely creating / designing products by differentiating the company's offer / Karawo's craftsmen with competitors' offerings, both Karawo craftsmen and competing products such as Embroidery and songket and batik which has long been known by consumers.

**2. Inviting and training the younger generation in continuing the typical crafts of Gorontalo culture (S6, T2, T4)**

The problem of the love of Gorontalo's young generation of Karawo products is a problem faced by Karawo drivers and the Gorontalo Regional Government in general. The process of love for this product can be initiated by introducing this product through the Elementary School curriculum through the eyes of local content learning, so that this product can be favored by young people. Besides that, another business is where some elementary schools have required their students to use this product to become a school uniform.

### Strategy W - T

Strategies to gain competitive advantage in the Karawo handicraft industry in the city of Gorontalo by using and marginalizing weaknesses and avoiding existing threats, that is:

#### 1. Establish Cooperative Institutions for Karawo Business Groups (W1, W2, W5, W7, T1, T3, T4, T5)

Establishment of Cooperatives among fellow craftsmen / entrepreneurs Karawo has benefits. The main benefit of the existence of cooperatives for its members is the support of cooperatives for the smoothness / stability of business, and consumption needs for members, such as:

- a) Help marketing the production of members of Karawo handicrafts with higher or more stable selling prices.
- b) Procurement of inputs in the form of Karawo handicraft raw materials for members with lower and / or more stable purchase prices.
- c) Each cooperative member especially Karawo craftsmen can learn from each other related to how to increase handicraft production in terms of quality and quantity of Karawo products.
- d) Strengthen bargaining power in purchasing goods.

#### 2. Intensity of doing business promotions (W2, T1, T2, T3)

Promotion should be carried out in a planned and continuous manner so that effectiveness is in line with the objectives to be achieved. It is important to remember that potential consumers who want to do a purchase action need to get information, while consumers who have made a purchase need to continue to be nurtured in order to make a repeat purchase.

### CONCLUSION

Based on the discussion in the previous chapter, it can be concluded that:

1. The strategy to gain competitive advantage in the Karawo handicraft industry in Gorontalo city in the future can be done with a Turnaround strategy by means of **an internal approach** that can be done by shortening the production chain that has been producing Karawo embroidery requires different skills and craftsmen. this strategy or stage can be done by one of the craftsmen. **The second stage is externally** through the process of training and mentoring by universities, local governments and employers to conduct training processes for mothers, young people to train the process of slicing and embroidering in other words creating new craftsmen and fostering the interest of young people to like and use the Karawo product.
2. In addition to the main strategies above, there are also several alternative strategies based on the SWOT matrix that can be used, namely: Products and Services tend to be differentiated; Expand marketing channels; Open the Karawo Course Institute; Designing a business plan (Business Plan); Credit initiatives to increase business capital; Fix and improve product quality; Inviting and training the young generation in continuing the typical culture of Gorontalo handicrafts; Establish Cooperative Institution for Karawo Business group; Intensity to do business promotion



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