

Building Alternative Strategies in Pharmacies: Analyze, Formulate, and Priority Determination

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Abstract

Pharmacies are one of the fastest-growing businesses due to the COVID-19 crisis. Currently, the public is more concerned with health, but pharmacies must continue to ensure steps to prevent the spread of COVID-19 by limiting crowds. This study aims to identify internal factors, external factors, and formulate alternative strategies to develop distribution companies. Researchers used a single case study at Banjerejo Pharmacy which is proven to be able to maintain an annual income of more than 2 billion during the new normal period. The analysis used in this research is Internal Factor Evaluation (IFE), External Factor Evaluation (EFE), Internal-External (IE) Matrix, SWOT Matrix, and Quantitative Strategy Planning Matrix (QSPM). The results of the IE Matrix analysis show that Banjerejo Pharmacy is in quadrant I with recommendations for growth and development strategies. The results of the analysis of alternative strategies based on the SWOT Matrix supported by priority analysis using QSPM show good adaptability by serving buyers online through chat applications. The strategic recommendation that becomes a priority is to improve the quality of online services by creating a website.

Keywords

COVID-19, Entrepreneurial strategy, Pharmacy business, Strategy formulation, Strategic planning

1. Introduction

Pharmacies are one of the fastest-growing businesses due to the COVID-19 crisis (Rhodes et al., 2017). Currently, the public is more concerned with health, but pharmacies must continue to ensure steps to prevent the spread of COVID-19 by limiting crowds (Hussain et al., 2021; Pratama et al, 2021). The theory of entrepreneurship is related to the demand for a product based on the need to develop in the pharmacy business. Consumers also want personal services related to health (Aspden et al., 2021; Purnomo et al, 2021). The current social dynamics that are influenced by the awareness of the importance of health change the classical view of the theory of need and availability of goods, where consumers have a new role that is more than just buying goods, especially health products (Caputo et al., 2018). Pharmacy consumers have new values as actors who are closely related to the creation of business value (Abu Hammour et al., 2019; Pratama et al, 2021)

Changes in the role and character of pharmacy consumers have become a stimulant for the creation of a better-personalized service strategy as a pharmacy strategy to meet and satisfy market needs and expectations (Smith & Jambulingam, 2018). The strategy to improve the quality of services, especially during the pandemic, is very much needed by the pharmacy business, which is currently booming due to public awareness of the importance of health. New service approaches are needed to improve service quality (Ung et al., 2018). Pharmacy business actors must have a better understanding of changes in consumer behavior today, including providing alternative services without face-to-face contact with consumers (Officer et al., 2019).

Business actors must have a competitive advantage so that they have superior value compared to competitors. To gain a competitive advantage, business actors must be able to observe various things and develop alternative strategies according to current conditions (David & David, 2017). Many pieces of research on improving service quality in the

pharmacy business have been carried out, but nothing has specifically provided a detailed discussion starting from the analysis of business conditions to the formulation process.

This research was structured using a qualitative approach with a single holistic case study analysis knife at the Banjarejo Farma Pharmacy. The company has been established for more than 3 years and has a turnover that continues to increase during the pandemic, which is around 2-3 billion per year. The results of this study will describe a detailed process starting from the analysis of the company's vision and mission, analysis of internal conditions, analysis of external conditions, formulation of alternative strategies with a SWOT approach, and selection of strategic priorities to be implemented so that the company can have a competitive advantage that continues to grow in the face of competition.

1.1 Objectives

This study reveals the analysis process to the formulation and determination of alternative strategies at the Banjarejo Farma Pharmacy. The results of this study describe the analysis of the company's vision and mission, analysis of internal conditions, analysis of external conditions, formulation of alternative strategies using the SWOT approach, and determining priorities for alternative strategies to be implemented using Quantitative Strategic Planning Method (QSPM).

2. Methods

2.1 Research Design

The Research Design in this study is shown in the fishbone diagram in Figure 1 below:

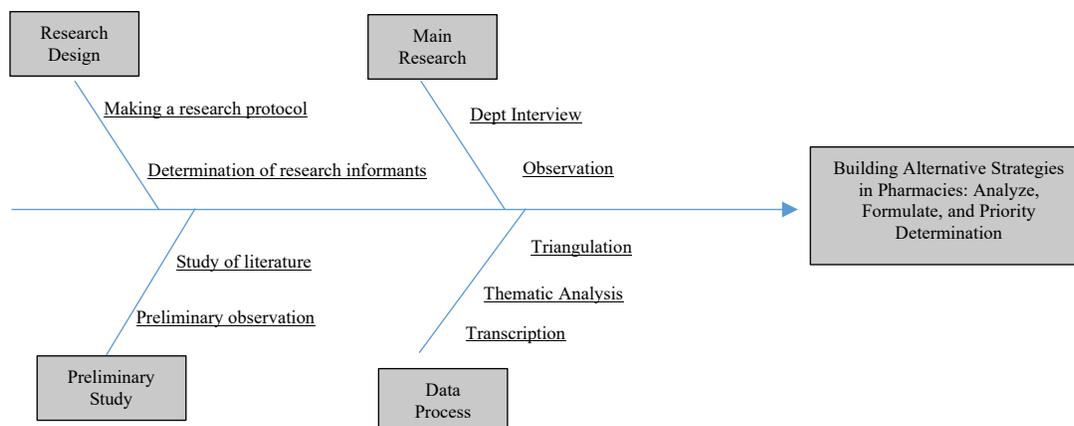


Figure 1. Research Design – Fishbone Diagram

This research begins with the preparation of a qualitative research protocol that explores information at the Banjarejo Farma Pharmacy on the implementation of the company's vision, mission, internal conditions, and external conditions. To meet the data needs, then proceed with the determination of key informants and supporting informants based on certain criteria. Furthermore, preliminary observations and studies of entrepreneurial strategy literacy related to the business conditions of the Banjarejo Farma Pharmacy were carried out.

The core research activities are carried out by in-depth interviews with key and supporting informants, document studies, and observations. Furthermore, transcription of the interview results, key information screening, and triangulation validation was carried out. The results of this study indicate an analysis of the conditions of implementation of the vision, mission, internal conditions, and external conditions at the Banjarejo Farma Pharmacy which is used as the basis for developing alternative strategies using SWOT analysis and priority selection using the Quantitative Strategic Planning Method (QSPM) to achieve the company's competitive advantage.

2.2 Research Informants

Informants in this study consisted of two categories, namely key informants and supporting informants. Qualitative research, especially holistic single case studies, does not recognize a minimum number (Martha & Kresno, 2016). Qualitative research uses a small number of informants who have met the criteria to narrow the focus (Creswell &

Creswell, 2018). The criteria for the informants of this research are individuals who understand the Pharmacy Banjarejo Farma business model and have an important role in the company's organizational structure. Research informants can be seen in Table 1 below:

Table 1. Research Informants

Name	Consideration/Condition	Status
Mr. Rendy Setiawan	Owner & Head of Administration @Pharmacy Banjarejo Farma	Key Informants
Ms. Tia	Pharmacist @Pharmacy Banjarejo Farma	Supporting Informant

2.3 Research Instruments

This study uses an interpretivism paradigm that leads to a thorough and in-depth understanding of the complexity of a case (Creswell & Creswell, 2018). Based on this paradigm, this research uses a qualitative approach with a single holistic case study research design (Yin, 2018). Data collection methods used various sources, namely: field observations, in-depth interviews, and document studies at the Banjarejo Farma Pharmacy. Using various instruments is a characteristic of qualitative research, this is to achieve data saturation (Pratama et al., 2019).

2.4 Data Validity

The validity of qualitative research is carried out on data that has been obtained by measuring the level of data saturation as a basis for accuracy (Creswell & Creswell, 2018; Yin, 2018). Testing the validity of the finding data is carried out in the following stages:

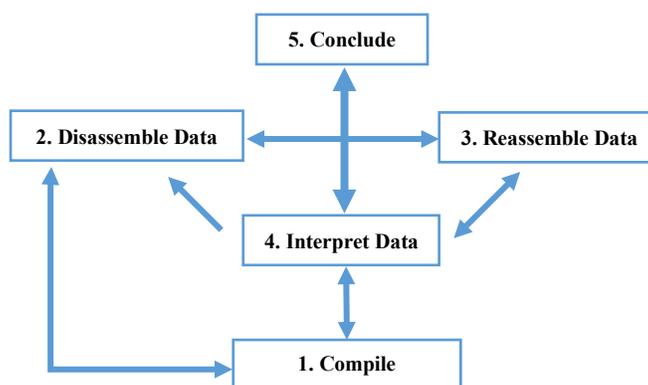


Figure 2. Yin Method – Data Analyze Technique

The first step begins with collecting data from the Banjarejo Farma Pharmacy with in-depth interview research instruments for each informant. Furthermore, transcription of the interview results was carried out and screening was carried out on the implementation of the vision and mission, internal conditions, and external conditions of the company. The data reduction process is repeated to obtain saturated data.

In the second and third stages, the presentation of the data is done by structuring, linking all information systematically, and linking the links between the results of the information obtained. At this stage, triangulation and member checks were also carried out on all information so that the data obtained met the valid elements measured by the level of data saturation.

The fourth stage is data interpretation where the objectivity of the researcher is needed. This is done by clarifying the bias and linking it to the theory of entrepreneurial strategy. The fifth stage is concluding the implementation of the vision, mission, internal conditions, and external conditions of the company, so that it can be used as a basis for formulating alternative strategies using the SWOT approach and measuring priorities using the Quantitative Strategic Planning Method (QSPM).

3. Results and Discussion

The results of this study indicate the process of analysis to strategy formulation at Pharmacy Banjarejo Farma with details as shown below:

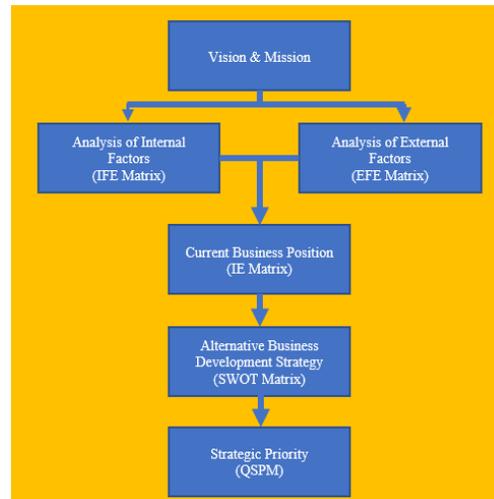


Figure 3. Strategy Alternative Analysis and Formulation

3.1 Vision Analysis and Recommendations

The main vision of the Pharmacy is to provide various health solutions needed by the community and to be able to give trust to the community as well.

Some criteria exist in the vision of the Banjarejo Farma Pharmacy. The vision criteria consist of customers, products or services, markets, technology, concern for survival, growth, and profitability, philosophy, self-concept, concern for public image, and concern for employees. The customer criteria here are that the community will have health complaints and require the need for medicines. Providing services to serve, provide and sell medicines for the community. The target market is the community around Pakis Subdistrict, Malang City, East Java. Technological developments can be followed properly by creating websites, social media accounts and introducing pharmacies through e-commerce. Pharmacies also maintain their performance by carrying out pre-designed plans, providing medical equipment, and presenting quality pharmacists. The advantage of this Banjarejo Farma Pharmacy is that it prioritizes providing maximum education and service to the community. Apotek Banjarejo Farma also makes several donations to the public under certain conditions, while they also do not forget to provide additional facilities to their workers such as bonuses on holidays, as well as BPJS services.

Some of the vision recommendations that we provide for the Banjarejo Farma Pharmacy are to provide the most complete and updated products and services in Indonesia

3.2 Mission Analysis and Recommendations

The mission of the Banjarejo Farma Pharmacy itself consists of 3 things, namely integrated and legal health services so that the safety of each product and service will be guaranteed quality, providing a complete range of health needs, both drugs and medical devices at affordable prices for all Indonesian people, especially Malang City and provide quality and professional health services through competent, committed and high-integrity human resources.

From the mission above, a re-analysis of the mission and updates is carried out to formulate a mission for the future. Some of these missions are like making a pharmacy that is qualified and competent in providing medical needs for the community. Provide maximum education to the community. Can meet all medical needs of the community around Malang Regency. Able to adapt and develop product sales systems following existing developments. Provides a different value from other pharmacies. Maintain good relations to improve the quality of service to consumers. Establish cooperative relationships with surrounding agencies to support the Healthy Indonesia program. Participate in social activities in the community. Also providing competent human resources to provide maximum service to the community

3.3 Internal Factor Evaluation (IFE)

IFE aims to get to know the environment in the industry, as well as identify the company's internal strengths and weaknesses. Factors considered are management and corporate structure, sales and marketing, finance and accounting, research and development, competitive strength, and workforce. The table below shows the strengths and weaknesses of Apotek Banjarejo Farma.

Table 2. IFE Matrix for Banjarejo Farma Pharmacy

No.	Strengths	Respondent	Weight	Rating	W × R
1	Sales system available offline and online	Owner & Head of Administarion; Pharmacist @Pharmacy Banjarejo Farma	0,12	3,5	0,41
2	Wholesale prices and hold sales promotions		0,12	3,5	0,41
3	Employees have an expert background in the pharmaceutical field		0,12	3,5	0,41
4	Have a clear company SOP		0,13	4	0,53
5	Individual legal entity but has direct permission from the Health Office		0,13	4	0,53
TOTAL STRENGTHS			0,62	18,5	2,29
	Weakness	Responden	Weight	Rating	W x R
1	The number of employees is still not sufficient so there can be queues at the pharmacy	Owner & Head of Administarion; Pharmacist @Pharmacy Banjarejo Farma	0,14	3,5	0,21
2	The price given can't be too high		0,12	3	0,41
3	Many customers still don't believe the recommended medicine given according to their needs		0,12	3	0,30
4	No permanent pharmacist		0,08	2,5	0,21
TOTAL WEAKNESS			0,46	12	1,13
GRAND TOTAL			1,0	-	3,42

3.4 External Factor Evaluation (EFE)

EFE shows a list of opportunities and threats the company has collected after conducting the interview. An important opportunity for the Banjarejo Farma Pharmacy is to open new branches, establish cooperative relationships with local health agencies, further develop online marketing, and in the next year the demand will increase drastically when health phenomena occur (such as COVID-19). The most important threat is the high competition with other pharmacies in the local area, when the pandemic or the phenomenon is over there can be a decrease in sales of some products (such as vitamins), and many customers still buy drugs at grocery stores or street vendors.

Table 3. EFE Matrix for Banjarejo Farma Pharmacy

No.	Opportunity	Responden	Weight	Rating	W × R
1	Opening a new branch	Owner & Head of Administarion; Pharmacist @Pharmacy Banjarejo Farma	0,16	4	0,64
2	Establish collaborative relationships with local health agencies		0,16	4	0,64
3	More develop online marketing		0,16	4	0,64
4	In the next year, the demand will increase drastically when there is a health phenomenon (such as the COVID-19 pandemic)		0,14	3,5	0,49
TOTAL OPPORTUNITY			0,62	15,5	2,41
Threats					
1	High competition with other pharmacies around the local location	Owner & Head of Administarion;	0,14	3,5	0,36

2	When the pandemic or other phenomena are over, the sales of some products will decline	Pharmacist @Pharmacy Banjarejo Farma	0,12	3	0,36
3	There are still many customers who choose to buy drugs at grocery stores or street vendors		0,12	3	0,36
TOTAL THREATS			0,38	9,5	1,08
Grand Total			1,00	-	3,62

3.5 IE Matrix



Figure 4. IE Matrix Apotek Banjarejo Farma

Based on the results of calculating the total score on the company's internal weakness and strength factors (IFE), and External Factors Evaluation (EFE), namely opportunities and threats, it is known that Apotek Banjarejo Farma is in quadrant I. This can be seen from the total score IFE is 3.42 and EFE is 3.62. So, we concluded that the company needs an alternative strategy focused on Growth and Development.

3.6 SWOT Analysis and Strategy Recommendation

- Strength - Opportunity:** Making online services such as websites or applications and adding social media accounts (Facebook) to expand consumer reach
 This alternative strategy was obtained from a meeting between the strength and opportunity variables, we propose this strategy because with the current development of information and communication technology which makes online media greatly increase the number of uses in all fields of business, therefore with the addition of social media or websites it can reach the wider community, especially in Malang to be able to find out the products sold by the Banjarejo Farma Pharmacy.
- Weakness - Opportunity:** Recruiting additional employees by collaborating with schools specializing in pharmacy to be able to get competent human resources (pharmacist)
 This alternative strategy is obtained from the meeting between Weakness and opportunity variables, we propose this strategy because, in the operation of pharmacies or other businesses in the health sector, competent and expert human resources are needed in their respective fields. So, to carry out business activities at the Banjarejo Farma Pharmacy, it must be supported by people who understand the field of pharmacy, and one way to get people who are experts can be done by collaborating with schools majoring in pharmacy.
- Strengths - Threats:** Provide delivery services to consumers for products at Apotek Banjarejo Farma
 This alternative strategy is obtained from the meeting between the variable's strength and threats, we propose this strategy because the community as consumers of the products at the Banjarejo Farma Pharmacy are people who currently live in a fairly modern era so this requires adaptation to meet the needs that needed.
- Weaknesses - Threats:** Provide regular counseling for people in the area around the Banjarejo Farma Pharmacy
 This alternative strategy is obtained from a meeting between the variables of weakness and threats, we propose this strategy because it has quite a large impact on business because it is related to a social approach for the community, this strategy is also carried out to attract consumers' attention to the existence of services at Apotek Banjarejo Farma.

3.7 Quantitative Strategic Planning Matrix (QSPM)

Table 4. Priority-based on Quantitative Strategic Planning Method (QSPM)

Rank alternative strategies using QSPM and apply the highest rating		
Rating	QSPM Matrix sorts TAS from highest to lowest	Total Score (IFE + EFE)
1 S-O strategies	Making online services such as websites or applications and adding social media accounts (FaceBook) to expand consumer reach	7,76
2 W-O strategies	Recruiting additional employees by collaborating with schools specializing in pharmacy to be able to get competent human resources (pharmacist)	7,4
3 S-T strategies	Provide delivery services to consumers for products at Apotek Banjarejo	7,68
4 W-T strategies	Provide regular counseling for people in the area around the Banjarejo Farma Pharmacy	7,21

Regarding validating QSPM at Apotek Banjarejo Farma, it is done by giving the keynote speakers freedom to be able to assess the strategies that we propose according to the situation and conditions that exist in the business. After the resource person made an assessment, we analyzed the value into the total value obtained and the highest value obtained at the end of the evaluation will be used as an alternative for the company to develop its company. Based on the table above, the highest value is shown by the first strategy, namely Making online services such as websites or applications and adding social media accounts (Facebook) to expand consumer reach.

4. Conclusion

The company's vision is Apotek Banjarejo Farma, namely to provide the most complete and updated products and services in Indonesia. The company's mission is to make pharmacies that are qualified and competent in providing medical needs for the community. Provide maximum education to the community. Can meet all medical needs of the community around Malang Regency. Able to adapt and develop product sales systems by existing developments. Provides a different value from other pharmacies. Maintain good relations to improve the quality of service to consumers. Establish cooperative relationships with surrounding agencies to support the Healthy Indonesia program. Participate in social activities in the community. Also providing competent human resources to provide maximum service to the community. The IFE Matrix shows a value of 3.42, the EFE Matrix shows a value of 3.62, the IE Matrix shows that it is in quadrant I. Where the strategic recommendations based on this quadrant are the creation of online services such as websites or applications and adding social media accounts to expand consumer reach.

Preparation of alternative strategies using the SWOT Analysis approach resulted in four alternative strategies, namely (1) making online services such as websites or applications and adding social media accounts to expand consumer reach, (2) providing regular counseling for people in the area around Banjarejo Pharmacy. Farma, (3) recruiting additional employees by collaborating with special schools in the field of pharmacy to obtain competent human resources, (4) providing delivery services to consumers for products at the Banjarejo Farma Pharmacy. Furthermore, the calculation is carried out using the QSPM method and obtained an alternative strategy whose priority to be implemented is alternative strategy 1, with a weight of 7.76.

This research has theoretical and practical implications, where theoretically this research proves the implementation process of strategic analysis and formulation. Practically, this research can be used as a reference for business people in analyzing internal, external conditions, compiling alternative strategies, to making strategic priority decisions. Further researchers can research up to the evaluation stage, involve many industries, or increase the criteria for the object of research such as the turnover value and the duration of the company's establishment.

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Biography

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