

Lessons Learned in Developing and Implementing a Global Business Strategy in Outdoor Gear Companies: A Comparative Study

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Abstract

Mountain climbing is becoming more popular, especially among young people. Mountain climbing activities are frequently the driving force in the development of social media. Outdoor gear has become a significant need for some people because of these activities. Based on a comparative study of two outdoor gear companies, this study aims to provide a study on developing and implementing global business strategies in outdoor gear companies. A descriptive research method with a qualitative analysis approach was used. Data on the company profile and business strategies was gathered using a search engine (google and scholar google) by typing the keywords "Eigerindo" and "Recreational Equipment Inc"; and data on the company profile and business strategies was gathered using a search engine (google and scholar google) by typing the keywords "Eigerindo" and "Recreational Equipment Inc." The research is based on the strategic management of two businesses that use global business strategies to achieve above-average returns. This study compares the two companies' resources, capabilities, competitive advantages, attractive industries, strategy formulation, and implementation. Because this is a comparative analysis based on case studies, generalizing the findings may be difficult. It is hoped that by conducting this research, it will be possible to make recommendations on what companies interested in developing a business in the fashion brand field, particularly the outdoor gear industry, can learn. Managers can learn from both companies' strategies for achieving above-average returns in the global market.

Keyword

Outdoor Gear, Comparative Analysis, Global Business Strategy

1. Introduction

The trend of mountain climbing is increasingly favored, especially among young people. Not infrequently, mountain climbing activities lead to the existence of social media (Mantalean 2019). In 2019, the global market for hiking gear and equipment was worth \$67.633 billion. The growing popularity of sporting activities among the younger generation, particularly among millennials, has boosted demand for hiking gear and equipment (Business ware 2020). Indonesia has a land contour surrounded by many mountains, which causes outdoor equipment to become a significant need for some people. The increase in outdoor activities is directly proportional to the increasing demand

for outdoor equipment products (Haikal 2021). Many local and imported brands are available for consumers who want to buy outdoor equipment products in Indonesia. This business is getting more legit when various communities of nature lovers are also growing. This community comes from universities, schools, and the public (Mediaini 2020).

There are large companies that produce outdoor equipment, such as backpacks, in Indonesia. One of these companies is PT Eigerindo MPI which has a brand called EIGER. However, in this outdoor industry sector, PT Eigerindo MPI also has competitors from America, one of which is Recreational Equipment Incorporation which has the REI brand. For the company to survive in the face of global competition, the two companies have their strategies. From the two large companies, PT Eigerindo and Recreational Equipment Incorporation, we can see the strategies applied to obtain above-average returns. We can understand more about the two companies, starting with the profiles of each company.

PT Eigerindo Multi Produk Industri is a company originating from Indonesia. This company has several brands, including Eiger (leading brand), bodypack, exsport, and outlive. This company produces products for mountaineering, camping, and rock-climbing activities such as bags and jackets. Ronny Lukito founded the company in the 1990s. The first Eiger store opened in 1994 in Cihampelas, Bandung. PT Eigerindo MPI has received prestigious recognitions, such as Upakarti from the Indonesian government, The Sahwali Award for commitment to the environment, Arch of Europe Gold Star Award for Quality for commitment to high standards and registered in 250 Indonesian Original Marks by SWA magazine (Eigerindo 2021).

Similar companies from the United States, on the other hand, sell outdoor products. Recreational Equipment Incorporation is one such company. REI, or Recreational Equipment Inc., is a service and retail company that sells outdoor products in the United States. REI is a retailer of sporting goods, camping equipment, travel equipment, and clothing. Lloyd Anderson founded REI in Seattle in 1994 and opened the first retail store in 1995, but it did not hire full-time employees until 1953. When asked why he didn't want to make REI his full-time job in 1971, Lloyd Anderson stated that he wanted REI to be a cooperative. Furthermore, Anderson never believed that a man should profit from his friends (Larson 2017). A multi-employment term agreement with a single employer is usually referred to as "cooperative" (Virginia Tech 2021). The cost of a lifetime membership at REI Co-op is \$20. Members will also receive 10% back in annual dividends if they spend at least \$10 per year on eligible purchases, as well as member-only discounts during special in-store events and, in some cases, free shipping (Sanci 2021).

To achieve above-average profits, Eigerindo and REI employ a variety of strategies. To achieve this goal, businesses must develop an industrial-organizational model, a resource development model, and competent organizational capacity. To study the strategies of the two companies, various aspects such as finance, capability and competitive advantage, attractive market, and development of strategies to achieve excellence must be elaborated.

Eigerindo and REI are two companies that deserve to be seen for their respective advantages and strategies in facing global competition. What are the strategies carried out by the two companies to survive in the competitive arena in the outdoor gear industry? Furthermore, based on a comparison of the two companies, this research provides a study on developing and implementing global business strategies. The purpose of this research is to provide insight to managers and companies in Indonesia who want to begin implementing strategies in the outdoor gear industry to achieve above-average profits.

Several previous studies have discussed comparative studies of two companies to learn lessons. The global business strategy for commercializing E-Motor Cycle Technology is discussed by Istiqomah et al. (2020). The global business strategy of the DJI drone and Parrot Drone businesses is examined by Khofiyah et al. (2020). Aqidawati et al. (2020) conducted a study that included a comparative analysis of the development and implementation of a global business strategy for swap battery technology. Habibie et al. (2020) then carried out a Comparative Analysis of the Development of Electric Motorcycle Conversion Innovation Products. Meanwhile, Solichah et al. (2020) used the Business Model Canvas to research the Electric Vehicle Battery Swap Business Strategy.

2. Comparative Study Approach

2.1 Global Strategy Concept

Regional, multinational, and international are all covered by the global strategy. These three areas refer to the strategies that will help the company achieve its international expansion objectives. It's useful to distinguish between the three types of international expansion, which are based on global resources, capacity, and current position in the development of global strategy. If the business is still primarily focused on the domestic market, approaches can be considered international (Lynch 2006). The process of developing a coherent, coordinated, integrated, and unified strategy that establishes the extent to which a company's strategic behavior is globalized across countries through standardization of offerings, configuration and coordination of activities, and integration of competitive movements is known as global strategic management (Frynas 2015).

2.2 Strategic Management Concept

Compiling strategic inputs is the first step in strategic management. The company analyzes its external and internal environmental conditions at this stage to formulate its vision and mission. The implementation of strategic actions is the second stage. This stage consists of two actions derived from the company's vision and mission: strategy formulation and strategy implementation. Business-level strategy, competitive and dynamic competitive strategy, company-level strategy, acquisition and restructuring strategy, international strategy, and cooperation strategy are the six types of strategies that the company develops during the strategy formulation process. After the strategy is finished, it is put into action. Several important factors must be considered during the implementation process, including corporate governance, the organization's structure and control, and the company's strategic leadership and entrepreneurship. As a result, if the strategy is properly formulated and implemented, it will result in strategic competitiveness (above-average return), which is the primary goal of the company. The feedback for the early stages will be the result of this management strategy (Hitt et al., 2007). Strategic management entails formulating and implementing the organization's managers' ultimate goals and key initiatives on behalf of the stakeholders, based on resource constraints and an assessment of the organization's internal and external environments (Nag et al 2007).

2.3 Framework Selection

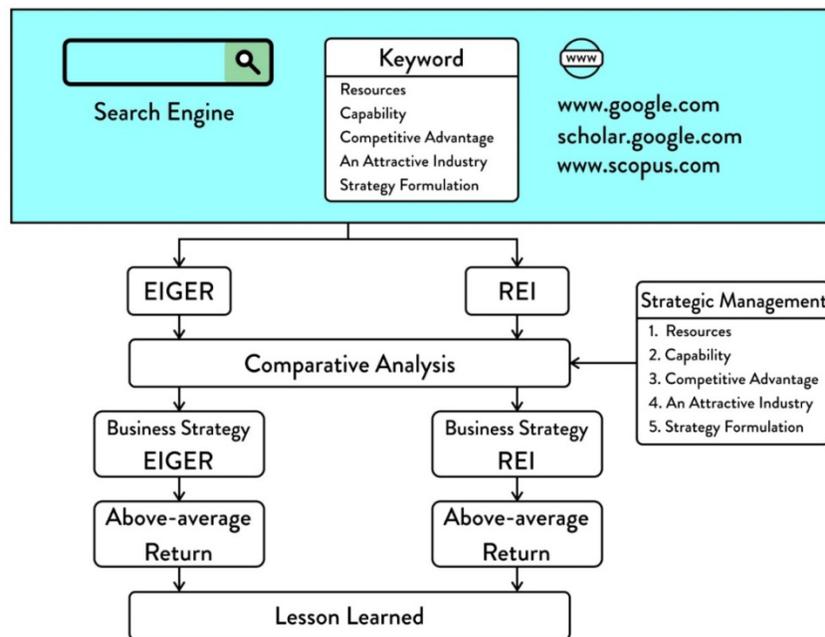


Figure 1. Framework Selection

A comparative analysis of two companies engaged in the outdoor equipment industry was carried out in this study. The two companies are PT Eigerindo MPI and Recreational Equipment Incorporation. The concept of strategic management is used to analyze the two companies' business strategies in comparing it using five things in the

concept of strategic management, namely Resources, Capabilities, Competitive Advantages, An Attractive Industries, Strategy Formulation, and Implementation. After the comparison is made, the next step is to conclude the business strategies used by each company. It is ensured that the strategy taken by each company is a way to generate above-average profits. In the data collection process, secondary data obtained from data collection using the Google search engine and Google Scholar by typing the keywords "Resources," "Capability," "Competitive Advantage," "Attractive Industry of Outdoor Gear," and " Strategy formulation" from both companies, for example, the keyword Eiger is "resources from Eiger." After the data from the two companies are collected and analyzed, one conclusion can be drawn, and lessons learned are the outputs of this research. For more details, the framework used in this study is described in Figure 1.

3. Results

From the data we have collected, we can compare PT Eigerindo and Recreational Equipment with the existing framework. There are five aspects that we compare, including Resources, Capabilities, Competitive advantage, attractive industry, and strategy formulation. Table 1 is a comparison of the two companies studied in this study.

Table 1. Summary of both companies' comparison

Aspect	PT Eigerindo MPI	Recreation Equipment Inc.
Logo	 <p>Figure 2 Eiger Logo</p>	 <p>Figure 3 REI Logo</p>
Resources	4500 Employees	The co-op's more than 12,000 employees Engagement scores routinely exceed 85 percent REI operates 165 retail stores in 39 states. It also receives orders via mail-order catalogs and the internet. (Rei 2020)
Capability	<ul style="list-style-type: none"> • Have a team of experienced experts who contribute to the field of national athletes and in terms of product development and design • Have an Eiger Adventure Service Team • Have an Eiger Night Run Community • Quality and durable product materials • Provide 1 year warranty for bag products 	<ul style="list-style-type: none"> • 6 million loyal members • Brand Equity • REI has nearly 12 million members (stakeholders) of which 4.7 million are active customers mainly through its retail stores. • Brand loyalty has grown from other strengths such as excellent customer service, reasonable prices, and the highest quality goods

Aspect	PT Eigerindo MPI	Recreation Equipment Inc.
Competitive advantage	<ul style="list-style-type: none"> • Differentiation advantages: Focus on technology development and product innovation for comfort and safety. Eiger products also have a reputation for being strong, durable and long-lasting. • Cost advantage: Scale effect: Eiger has a large production volume so that the cost per unit becomes cheaper. Scope effect: increase the product line while the material and process are the same, lowering the average cost per unit • Channel Advantage: shops and showrooms are widely spread in Indonesia • Sales force advantage: holding various sporting and adventure events 	<ul style="list-style-type: none"> • By simulating on-time delivery to customers, REI aims to keep inventory costs low. • Most REI stores, for all intents and purposes, have limited stock on their shelves, particularly in the most popular sizes. • REI has a lot of potential when it comes to women and families. It can increase revenue from this segment by around 10% by leveraging social media, online experience, personal assistance, expanding line of women's and children's clothing, virtual locker rooms, and expert articles. (Larson 2017)
An attractive industry	<ul style="list-style-type: none"> • During the pandemic, outdoor businesses have struggled to meet consumer demand. With record participation in activities such as cycling, hiking, fishing, and rowing, the outdoor gear manufacturer has seen a 200 percent increase in product demand, resulting in a massive surge in interest and sales (Newcomb, 2020). • Between 2020 and 2024, the outdoor apparel market is expected to grow by USD 3.90 billion (Businesswire 2020). 	
Strategy formulation and implementation	<ul style="list-style-type: none"> • New Product Innovation Launch • The company has research and development capabilities, namely by direct surveys to the field • Implementing KISS, namely creative, innovative, solutive, and saleable. • Have 4 brands 	<ul style="list-style-type: none"> • Curating Product - focus on the sustainability footprint of the products offered at REI. This is a new priority and will collect 50% of the effort. • Creating Access - through advocacy and giving, REI will create access to iconic outdoor places and experiences. This is a maturity priority and will collect 20% of the effort. • Catalyzing Experiences - as a business innovation, REI will catalyze outdoor experiences through new models that reduce the use of limited natural resources (eg equipment rental, sharing). This is the priority that appears and will receive 10% of the effort. • Core Practice - strengthen the foundation of core sustainability practices to support business operations. As a mature priority, it will receive 20% of the effort.
Superior returns	Named as Top 250 Indonesian Original Brands by Swa Magazine (Eigerindo 2021)	REI sales surpassed the billion-dollar mark in 2010 at \$1,658,751,000, up 14% from \$1,455,351,000 in 2009. To put these figures in perspective, the total consumer spending on outdoor recreation merchandise in the US is \$46 billion. in 2006. (Larson 2017) REI's annual revenue for 2019 was US\$3.12 billion (Rei 2019)

From Table 1, we can analyze the differences between the two companies in applying global business strategies. Eigerindo has successfully run the company's business and received awards. Have a strong brand image with durable and long-lasting products. They have a research and development team going directly to the outdoor environment to develop the latest innovative products. PT Eigerindo is noted to have a rapid level of product diversification. This can be seen from developing new products and their brands, namely Eiger, Bodypack, Exsport, and Outlive.

REI is a company in the same field that the Anderson Family used to import the Pickel Academy ice axes from Austria for themselves as part of the Basic Mountaineering Course, and then decided to form a cooperative to help other outdoor enthusiasts in the club obtain climbing gear. At a reasonable price, you can get good quality (Morse 2003). REI focuses on selling products and organizing a variety of recreational activities for families in various locations across the United States. It can be seen from the services it provides on its website.

3.1 Lesson Learned

Companies in the fashion industry, particularly those involved in outdoor equipment, can benefit from the strategies used by PT Eigerindo and REI to succeed in the global market. Based on the results of the comparative analysis, the entrepreneurial strategy is a key factor in the two companies' ability to master both domestic and international markets.

PT Eigerindo seeks a competitive advantage through a strategy that includes the creation of four distinct brands that target different market segments. PT Eigerindo focuses on technology development and product innovation that is known to have a strong, durable product reputation. Has a large production capacity so the cost per unit becomes cheaper. PT Eigerindo also applies strategies to improve product lines while the material and process are the same, this can reduce the average cost per unit. They also work with foreign companies to get more affordable production costs than domestic.

Meanwhile, REI focus on the sustainability footprint of the products offered. The business offered to consumers is also not only in the form of outdoor equipment products, but also recreational services that provide experience for their customers, namely the recreational experience outside. REI saves money on inventory by simulating on-time customer delivery. REI has nearly 12 million members (stakeholders), with 4.7 million of them actively shopping in its stores. Customers can become members for a fee of \$ 20 for both lifetime membership and a membership fee of \$ 20 for both lifetime membership. As a result, the longer a member has been a member, the less it will cost.

4. Conclusions

Based on the research that has been done, it can be concluded that companies that achieve above average returns have their own strategies in running their business. Of course, innovation is important in maintaining the sustainability of the company and obtaining above-average profits. This innovation is key because it can be poured into various products or services offered and has a core competency.

There are some limitations in this study. The data collected in this study is based on literature only, so it may not cover in detail. In addition, there are difficulties in analyzing the actual internal conditions of the company, so that internal analysis can only be done based on the existing literature. Future research is expected to be more specific in analyzing the company's internal environment.

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