

Lesson Learned in Developing and Implementation a Global Business Strategy in Agriculture Companies: A Comparative Study

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Abstract

The consumption of fruits in the world is increasing, the increasing human population is also one of the factors for the increasing demand for fruits globally. Companies engaged in the agricultural industry are also required to always be able to serve customer requests. Based on a comparative study of two agricultural companies, this study aims to provide a study on the development and implementation of global business strategies for agricultural companies in determining the design of global business strategies by looking at companies that have succeeded globally. The companies studied were Dole and Chiquita. This study discusses the resources, capabilities, and competitive advantages of the two companies. This study also describes the attractive industry of the agriculture industry and shows how the two companies formulate their strategies to earn superior returns. The data used in this study is qualitative data. Since this study is based on a comparative analysis based on case studies, conclusions drawn from these cases may be difficult to generalize. The research findings are expected to provide lessons that can be learned by companies interested in developing business in the agricultural industry. Companies can learn from the strategies of both companies to achieve above-average returns.

Keywords

Agriculture, Comparative Analysis, Global Business Strategy

1. Introduction

Bananas are a popular crop in world agricultural production and trade, the global consumption of bananas reaches more than 100 billion bananas annually (Bananalink 2021). With the increasing population in producing countries and increasing global import demand, this crop has experienced a significant increase in production and trade volume. Estimates show average global banana production increased from 69 million tonnes in 2000-2002, increasing significantly to 116 million tonnes in 2017-2019, with an estimated trade value of 31 billion USD (Asiatimes 2021).

In the world's fresh fruit producer and distribution industry, there are 2 well-known companies, namely Chiquita International Brands and Dole Food company. There is also a company from Indonesia, namely PT. Sewu Segar Nusantara (Sunpride) is engaged in the distribution and marketing of local and imported fruit. These three companies compete to win above average returns and secure their market.

Chiquita Brands International is a distributor of bananas and freshly processed food products. The company is headquartered in Charlotte, North Carolina, USA. Founded in 1870, Chiquita has grown and developed into a market leader in the banana industry by employing 18,000 workers spread from 25 countries (Chiquita 2021). Chiquita sells its products to almost 70 countries and mainly in the North American and European markets (DnB 2021). Having a banana brand image that emphasizes nutrition, and high-quality freshness. A total of more than 10 billion chiquita bananas are sold annually and have a revenue of 602.82 million USD (DnB 2021)

Dole Food Company, Inc. is a company that produces fresh fruit and other fresh food products, Dole provides high-quality and fresh food products. The Dole brand was introduced in 1933 and is believed to be one of the most recognized brands for fresh and packaged specialty products in the United States as evidenced by 42% unaided brand awareness, compared to its closest competitor according to CA Walker and Association. Dole sells products to more than 90 countries in the world, in 2019 it earned revenue of 9.7 billion USD (Dole 2021). Banana products have a 44% share in global revenue share, the highest among other dole products (Statista 2021). Consumer and institutional recognition of the DOLE trademark, related brands, and this brand's association with excellent food items contribute to the driving situation of organizations in the business sectors they serve. The organization owns this trademark name in the US, Canada, and in several other countries where DOLE does business and considers it a significant corporate asset with high recognition and acceptance.

PT. Sewu Segar Nusantara (Sunpride) is a local Indonesian company that is also engaged in the same field, namely the distribution and marketing of fruit that sells its products in Indonesia and several Middle Eastern countries, Japan, South Korea, and China. Bananas are the company's flagship product. Has a goal to build sustainability by increasing value for stakeholders through partnerships with the community in providing fruits that are trusted, affordable, and accessible to the community. This company has a distribution network to 133 cities in 9 branches in Indonesia (Businessman 2021). The company was also awarded by Forbes for 20 Rising Global Stars in 2017. Sunpride is digitizing its business processes, moving to a new data-driven business model. The company is in the stage of preparing the information technology infrastructure to build a sustainable and agile business.

To achieve above-average returns, Chiquita, Dole, and Sunpride employ various strategies. To achieve this goal, the company must develop an Industrial Organization Model, a resource development model, and organizational capacity competencies. For this reason, various aspects such as finance, capability, competitive advantage, attractive market, and strategy development to achieve excellence, must be explained clearly.

This research provides a study on the development and implementation of global business strategies. What strategies are used by the company to survive in the competition in this industry. The purpose of this research is to provide insight and recommendations in implementing strategies to companies in Indonesia that are engaged in the fruit production and distribution business to achieve above-average returns.

Several previous studies discuss comparative studies in the development and implementation of global business strategies. Aqidawati et al. (2020) in their research discusses the business strategy of the battery company. Istiqomah et al. (2020) discuss the development of business strategies in electric motor companies, Khofiyah et al. (2020) also discussed it with drone companies. Tirdasari et al. (2019) discuss family business and agriculture to describe challenges and provide strategic recommendations that can make family agriculture more competitive.

2. A Comparative Study Approaches

2.1 Global business strategy

The scope of the global strategy refers to the procedures that an association can use to achieve its global expansion goals. The field consists of regional, multinational and global regions. To recognize it tends to be seen from the world's assets, capacities, and the current situation in the development of global strategies (Lynch 2006). Global strategy is defined by (Porter 1986) as a strategy in which "a firm seeks to gain a competitive advantage from its international presence either through a concentrated configuration of activities, or coordination among dispersed activities, or both." The configuration includes the presence area where every action in the value chain is performed; it describes the hierarchical construction of organizations around the world. An organization around the world faces various decisions in regulating and coordinating every action in the value chain. As this definition shows, there is no example of a worldwide pattern of competition, nor is there a single type of strategy across the globe.

2.2 Strategic Management Concept

The strategic management process is a series of commitments, decisions, and actions that an organization needs to achieve strategic competitiveness and earn above-average returns (Hitt et al. 2007). The initial stage of preparation in strategic management is compiling strategic inputs, in this case, the company analyzes internal and external conditions to form vision, mission, goals, identify opportunities and threats external to the organization and identify internal strengths and weaknesses of the organization. The second stage is carried out after the organization's vision and mission are obtained, then strategies are developed and implemented. After the strategy is completed, it is then implemented into action. Several important factors that must be considered during the implementation process include corporate governance, organizational structure, and control, as well as strategic leadership and corporate entrepreneurship. As a result, with the formulation and implementation of a well-done strategy, it will generate above-average returns, which is the main goal of the company. Feedback for the early stages will be the end result of this management strategy (Hitt et al. 2007).

2.3 Framework Selection

This study uses a comparative study of three companies engaged in the distribution of fresh bananas. This study involves the whole idea of strategic management as a system for breaking down their technical definition of business in the world. There are several stages that we use as a methodology in assessing the two companies. First of all, we identify a company's asset shortage by concentrating on its assets and their correlation with competitors. Then, we find the company's capabilities that show an advantage over its competitors. Then, we decide on the expected assets and capacities of the company which are considered as competitive advantages of the company. Then, we tracked the interesting ventures of the two companies. Finally, we look at the systems selected by the most relevant companies for using their assets and capabilities in discussing the external environment. The definition of procedures and their implementation is the path to the organization in getting better results than expected. The following figure 1 is the structure used in this study.

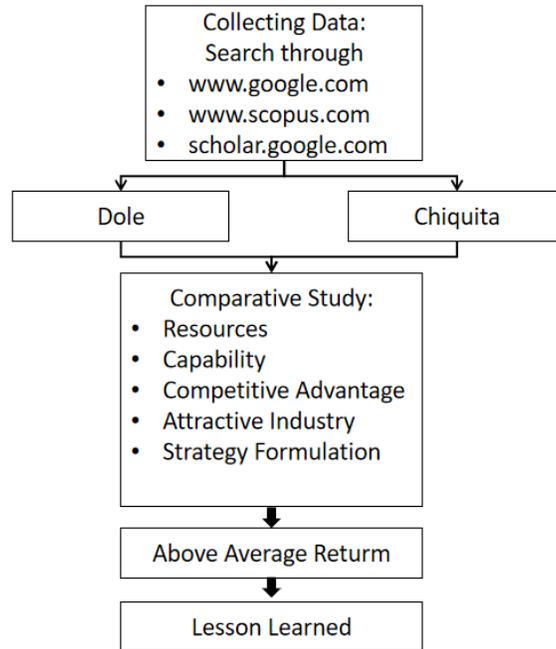


Figure 1. Framework Selection

3. Result and Analysis

From the data collected, we can compare Dole companies and Chiquita companies with the existing framework. There are five aspects that we compare points, namely resource, capability, competitive advantage, attractive industry, and strategy formulation. Table 1 is a comparison of the two companies studied in this study.

Table 1. Comparative Study

	Dole	Chiquita
Resources	<ul style="list-style-type: none"> ● 36.000 employees (Forbes 2021). 	<ul style="list-style-type: none"> ● 18.000 employees (Chiquita 2021)
Capabilities	<ul style="list-style-type: none"> ● Using sustainable farming methods. ● Producing new products from the remaining unsold products. 	<ul style="list-style-type: none"> ● Use of Low carbon supply chain and operations. ● Brand Equity
Attractive industry	<ul style="list-style-type: none"> ● Bananas are the fourth most important food crop in the world after rice, wheat and corn. More than 100 billion bananas are eaten every year. ● The estimated trade value of bananas is 31 billion USD. 	

Strategy formulation and implementation	<ul style="list-style-type: none"> ● Dole collaborates with entertainment companies for product promotion. ● Carry out product development and innovation in accordance with consumer desires. 	<ul style="list-style-type: none"> ● The company conducts various campaigns to show that the company is committed to a sustainable supply chain. ● Apply differentiation in processing, production and marketing. Produce products that are more superior and unique than competitors. ● Invest in a number of digital platforms and campaigns to reach millennial consumers.
Competitive advantage	<ul style="list-style-type: none"> ● Excellence in the development and innovation of disease-resistant plants. ● Use of technological innovation in tracking the origin of the product so that it can be known by consumers. ● Use of environmentally friendly product packaging. 	<ul style="list-style-type: none"> ● Global Market: The company sells its products in about 40 countries in America, Europe, Middle East and Pacific Rim ● Large scale buyers Most of Chiquita's consumers in Europe are wholesalers, ripeners, and large wholesalers. Chiquita has a multiyear sales agreement with this type of buyer.
Superior Returns	<ul style="list-style-type: none"> ● In 2020 earned 9.7 billion USD in revenue (Totalproduce 2020). 	<ul style="list-style-type: none"> ● In 2020 earned revenue of 3.09 billion USD (Fortune 2020).

From the table above we can analyze the differences between the two companies in implementing global business strategies. Dole has many innovations ranging from the use of trackable labels to the use of technology in sustainable agricultural processes to obtain more efficient results. Chiquita Company is famous for its various banana products and has a brand image as the republic of bananas.

3.1 Lesson Learned

The lessons can be learned from this case study, namely by looking at the strategies used by the company. Companies engaged in the production and distribution of bananas can learn from Dole and Chiquita. The same company in Indonesia engaged in this field, namely PT. Sewu Segar Nusantara can learn about the strategies used by Dole and Chiquita who are successful in domestic and international markets. Based on the comparative analysis, we can see that both companies implement strategies to be accepted in the global market and achieve above-average returns. Dole has a strategy to reach consumers by increasing affordability and access to products, namely cheaper products. The use of a strategy that adjusts the product is seen from how the product made can provide benefits to a specific type of consumer. The Chiquita company chose to have a global reach by operating in more than 70 countries in line with the company's mission to secure a larger market share. Both companies have a focus that leads to the use of innovative use of modern technology in product processing and storage, sustainable technology, and paying attention to standard food safety procedures when handling products.

Table 2. SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"> ● Have a strong local distribution network. ● Has ISO 9001:2008 certificate. 	<ul style="list-style-type: none"> ● The company's marketing strategy is not good enough. ● Innovation in product processing is still limited.
Opportunities	Threat
<ul style="list-style-type: none"> ● There are no big enough local company competitors. ● Increased public interest in carrying out a healthy lifestyle by consuming healthy fruit. 	<ul style="list-style-type: none"> ● Research development on certain plants that are susceptible to disease is still lacking.

Based on the SWOT analysis(table 2) that has been described, it can be formulated a strategy that can be carried out by PT. Sewu Segar Nusantara to develop its business. Carry out more massive product marketing to attract the household and millennial market, developing more varied products so that consumers have many product choices. Lastly, PT. Sewu Segar Nusantara must also be aware of the threat of disease in several types of plants, further research is needed to overcome these problems.

4. Conclusion

Based on a comparative analysis of fresh fruit producing and distribution companies that have been carried out using a strategic management approach, the two companies' global business strategies are obtained in their efforts to obtain above-average returns. Dole managed to achieve above-average returns by emphasizing more affordable products and easy access to products. Meanwhile, Chiquita emphasizes a wider geographical reach throughout the world to secure a larger market share. The similarity of the strategies of the two companies is to continue to develop product innovations. For local companies in Indonesia, they can take lessons from the case above namely, by developing better product innovations, companies will be able to continue to compete in global competition. There are limitations in this study, this study uses data that is only based on the literature, so it does not cover all the details specifically. Internal analysis is carried out based on the existing literature so that there are difficulties in analyzing the company's internal conditions. In further research, specific details to analyze can be done to analyze the company's internal environment such as the resources and capabilities of the resources owned. Further research with quantitative techniques will also help in reaching conclusions and provide a deeper understanding of global business strategy.

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