Kirana Tour and Travel MSME Go International Strategy with SWOT Analysis

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ABSTRACT

This research aims to formulate an international expansion strategy for Kirana Tour and Travel, a Small and Medium Enterprise (SME) in the tourism industry in Indonesia, utilizing a SWOT Analysis approach. Kirana Tour and Travel is an SME operating in the tourism sector in Indonesia. This study employs a qualitative approach with data collection through interviews with business owners, direct observation, and documentation. The results of the SWOT analysis indicate that Kirana Tour and Travel has significant potential for international expansion, but also faces several challenges that need to be addressed. Internal strengths of the company, such as a good reputation, extensive network, and quality service, serve as assets to leverage in facing global competition. However, there are also internal weaknesses that need to be addressed, such as limited resources and a lack of experience in international markets. Based on the SWOT analysis, recommended international expansion strategies for Kirana Tour and Travel include product and service diversification, enhanced digital marketing, strategic partnership development with international travel agencies, and enhancing employee competencies related to the global market. The implementation of these strategies is expected to increase the global presence of Kirana Tour and Travel and mitigate risks associated with international expansion for SMEs.

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INTRODUCTION

The tourism industry stands as a formidable force in the global economy, serving as a catalyst for economic growth, cultural exchange, and sustainable development across nations. Within this expansive sector, Small and Medium Enterprises (SMEs) play a pivotal role, contributing significantly to employment generation, revenue generation, and local community development. These SMEs often operate in niche markets, providing specialized services and experiences to tourists, thereby enriching the overall tourism landscape. However, despite their importance, SMEs in the tourism sector encounter numerous challenges, ranging from resource constraints to fierce competition and evolving market dynamics.

In the context of Indonesia, a nation renowned for its rich natural beauty, cultural diversity, and historical heritage, tourism represents a strategic avenue for economic advancement. Within this vibrant tourism ecosystem, Kirana Tour and Travel emerge as a prominent SME, offering a range of travel services to both domestic and international travelers. As an integral part of Indonesia’s tourism fabric, Kirana Tour and Travel holds the potential to contribute significantly to the country’s tourism goals while also fostering local entrepreneurship and livelihoods.

At the beginning of 2020, Tourism experienced a decline in February due to the impact of preventing the spread of the Covid-19 virus. The government implemented large-scale social restrictions in several large cities in Indonesia, so that at the beginning of this year several tourist attractions had to be temporarily closed. This closure has an impact on tourism travel agencies not operating. In mid-2020 the government began to relax regulations by lifting large-scale social restriction policies, so that several tourist attractions have reopened.

Yet, the journey towards international expansion for SMEs like Kirana Tour and Travel is fraught with challenges and uncertainties. In an increasingly globalized world, the pursuit of overseas markets requires careful strategic planning, market analysis, and risk assessment. Moreover, SMEs must contend with diverse cultural norms, regulatory frameworks, and competitive landscapes in foreign markets, adding layers of complexity to their expansion endeavors.

Against this backdrop, the need for a systematic and strategic approach to international expansion becomes evident. One such strategic tool widely employed in business analysis is the SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, which offers a structured framework for evaluating internal capabilities and external market conditions. By conducting a comprehensive SWOT analysis, SMEs like Kirana Tour and Travel can gain valuable insights into their competitive positioning, identify growth opportunities, and mitigate potential risks associated with internationalization.

Therefore, this research endeavors to explore the feasibility of international expansion for Kirana Tour and Travel through the lens of a SWOT analysis. By scrutinizing the internal strengths and weaknesses of the company, alongside the external opportunities and threats present in the global tourism market, this study seeks to delineate strategic pathways for enhancing Kirana Tour and Travel’s international competitiveness.
The significance of this research extends beyond the immediate scope of Kirana Tour and Travel, offering insights and lessons applicable to a broader spectrum of SMEs in the tourism sector. By elucidating the strategic imperatives and challenges inherent in international expansion, this study contributes to the ongoing discourse on sustainable tourism development, entrepreneurship, and economic resilience.

This introduction lays the groundwork for the subsequent sections of the research, which will delve into the methodology, findings, and strategic recommendations derived from the SWOT analysis of Kirana Tour and Travel. Through a systematic examination of the internal and external factors shaping the company's internationalization efforts, this study aims to provide actionable insights that can inform strategic decision-making and bolster the competitiveness of SMEs in Indonesia's dynamic tourism landscape. Ultimately, the successful internationalization of Kirana Tour and Travel holds the promise of not only enhancing its growth trajectory but also fostering inclusive economic growth and cross-cultural exchange on a global scale.

Kirana Tour Travel Malang is a travel agent that has various advantages in providing the best service for every customer. Kirana Tour and Travel is located at Jl. MT Haryono Ruko Istana Dinoyo Kav. D-16, Dinoyo, Lowokwaru District, Dinoyo, District. Lowokwaru, Malang City, East Java 65144. By using Kirana Tour Travel Malang services, customers can enjoy a pleasant and unforgettable holiday experience.

Kirana Tour Travel Malang offers various holiday packages for its customers. The following are several holiday packages that customers can choose from: 1) Domestic Holiday Packages: Kirana Tour Travel Malang offers domestic holiday packages to various tourist destinations in Indonesia, such as Lake Toba, Bali, Lombok, Bromo, and many more. 2) International Holiday Packages: Kirana Tour Travel Malang also offers international holiday packages to various countries such as Malaysia, Thailand, Singapore, Japan, South Korea, and many more. 3) Family Vacation Packages: For customers who want to vacation with their family, Kirana Tour Travel Malang offers fun and exciting family vacation packages, as well. 4) Romantic Vacation Package: For customers who want to celebrate special moments with their partner, Kirana Tour Travel Malang offers romantic holiday packages to beautiful and romantic tourist destinations.

The tourism industry in Indonesia has witnessed remarkable growth in recent years, driven by factors such as improved infrastructure, government initiatives, and rising consumer demand for travel experiences. Against this backdrop, SMEs like Kirana Tour and Travel stand poised to capitalize on the
burgeoning tourism market, both domestically and internationally. However, to realize their full potential and expand their footprint beyond national borders, these SMEs must navigate many challenges and complexities inherent in international markets.

One of the primary challenges confronting SMEs in the tourism sector is the need to differentiate themselves in a crowded and competitive marketplace. With globalization facilitating increased connectivity and accessibility, tourists are presented with many options for travel services and destinations. As such, SMEs must develop distinctive value propositions and experiential offerings to carve out a niche and attract discerning travelers.

Furthermore, the process of international expansion entails inherent risks and uncertainties, ranging from regulatory compliance issues to currency fluctuations and geopolitical instability. SMEs, often lacking the financial resources and institutional support enjoyed by large corporations, may find themselves particularly vulnerable to these external shocks. Hence, meticulous risk assessment and contingency planning are imperative to mitigate potential threats and safeguard the sustainability of international operations.

Moreover, cultural nuances and consumer preferences vary significantly across different international markets, posing additional challenges for SMEs seeking to establish a global presence. What resonates with customers in one country may not necessarily translate well in another, necessitating a nuanced understanding of local customs, preferences, and market dynamics. Adaptability, flexibility, and cultural intelligence emerge as key competencies for SMEs navigating the complexities of cross-border expansion.

In this context, the SWOT analysis emerges as a valuable tool for SMEs like Kirana Tour and Travel to assess their internal capabilities and external environment systematically. By identifying strengths to leverage, weaknesses to mitigate, opportunities to seize, and threats to mitigate, SMEs can formulate tailored strategies that align with their organizational goals and market aspirations. The SWOT analysis gives small and medium-sized enterprises (SMEs) a strategic decision-making roadmap that enables them to capitalize on their competitive advantages while addressing potential weaknesses and roadblocks.

Through this study, strategic recommendations targeted at boosting Kirana Tour and Travel's resilience and worldwide competitiveness will be informed by insights obtained from the company's SWOT analysis. By leveraging its strengths, addressing its weaknesses, capitalizing on emerging opportunities, and mitigating potential threats, Kirana Tour and Travel can chart a sustainable pathway for international expansion while contributing to the broader objectives of economic growth, job creation, and sustainable tourism development in Indonesia.

In the subsequent sections of this research, the methodology employed for conducting the SWOT analysis will be delineated, followed by an in-depth exploration of the findings and strategic recommendations derived from the analysis. By integrating theoretical insights with practical implications, this
LITERATURE REVIEW

a. MSME Internationalization in the Tourism Industry:

MSMEs play a crucial role in the tourism sector, contributing to employment generation, cultural exchange, and economic growth. However, venturing into international markets presents both opportunities and challenges for these enterprises. According to Lu and Beamish (2001), MSMEs often face resource constraints and lack the capabilities necessary to navigate complex international markets. Nevertheless, through strategic planning and leveraging their unique strengths, MSMEs can effectively compete with larger players in the global arena (Gnizy et al., 2018). Digital marketing knowledge can help MSMEs utilize various digital platforms to promote their products or services more effectively and efficiently, as well as expand their market reach. However, the adoption of information technology in small and medium enterprises (MSMEs) in Indonesia still has many obstacles, namely lack of knowledge and financial resources. (Rahman, F., Sudarmiatin, S., & Hermawan, A. 2023). Setiawan (2013) stated that MSMEs play a very important role in tourism development, the characteristics of an area that are often sought after by tourists are generally provided by the MSMEs. MSMEs are able to create markets, develop trade, manage natural resources, reduce poverty, create jobs, and build communities. Even sectors MSMEs have become the basis of life since the economic crisis in 1997. With the development of tourism, MSMEs are also developing which support the large tourism sector and provide for tourist needs.

b. SWOT Analysis in Internationalization Strategy:

SWOT analysis is a widely used framework for strategic planning, enabling organizations to assess internal strengths and weaknesses, as well as external opportunities and threats. In the context of MSME internationalization, SWOT analysis provides a structured approach to identify key factors influencing market entry and expansion decisions (Crick and Spence, 2005). By conducting a thorough analysis of its internal resources and capabilities, as well as the external market environment, Kirana Tour and Travel can develop a targeted internationalization strategy that aligns with its objectives and mitigates potential risks.

As an initial stage of expansion planning, an analysis of the company's internal and external environment, or better known as SWOT analysis, is required to measure the company's strategic position as well as the company's readiness and suitability to enter the international market. SWOT analysis is a strategic planning analysis method that is useful for evaluating strengths, weaknesses, opportunities and threats. Through these four aspects, companies can take advantage of their strengths and minimize their weaknesses, as well as avoid threats and develop opportunities in the market.
c. Strategic Approaches to International Expansion:

Several strategic approaches exist for MSMEs seeking to expand internationally in the tourism industry. These include market penetration, market development, product diversification, and joint ventures or strategic alliances (Morrison, 2002). Each approach offers unique advantages and challenges, requiring careful consideration of the firm's resources, market dynamics, and competitive landscape. SWOT analysis serves as a valuable tool for evaluating the feasibility and suitability of these strategic options, guiding MSMEs like Kirana Tour and Travel in making informed decisions regarding market entry and expansion. Business Strategy is an important means or as a way to increase the internationalization and globalization of companies (Zhao and Zou, 2002; Wang and Ma, 2018). Exporting is a relatively easy and fast way for SMEs to enter foreign markets because companies do not have to deal with the complexities of setting up foreign subsidiaries (Lu and Beamish, 2006). Through internationalization, companies not only gain quick access to foreign markets with very little capital costs but also have the opportunity to gain valuable international experience that can be used as a springboard for future international expansion (Dikova et al., 2016). To carry out MSME internationalization activities, of course you must always pay attention to the right business strategy. Business strategies have many choices, and one business strategy that always gets the attention of business people is the marketing mix strategy, which includes product, pricing, promotion and distribution.

METHODOLOGY

This section outlines the methodology employed in conducting the study titled "Kirana Tour and Travel MSME Go International Strategy with SWOT Analysis," focusing on the research design, data collection methods, data sources, and data analysis techniques, particularly utilizing SWOT analysis. The research adopts a qualitative approach to explore the internationalization strategy of Kirana Tour and Travel, a Micro, Small, and Medium Enterprise (MSME) in the tourism industry. Qualitative research allows for an in-depth understanding of complex phenomena and is well-suited for exploring the intricacies of organizational strategies and decision-making processes (Creswell & Poth, 2018).

Primary data will be gathered through semi-structured interviews with key stakeholders within Kirana Tour and Travel, including top management, marketing executives, and international business development personnel. These interviews will provide insights into the company's internal dynamics, strategic priorities, and perspectives on international expansion. Additionally, secondary data will be collected from company reports, industry publications, academic journals, and government sources to supplement and validate the findings from primary data.

The primary data sources for this study include interviews with Kirana Tour and Travel personnel involved in strategic decision-making and international business operations. These interviews will be conducted face-to-face or virtually, depending on the availability and preferences of the stakeholders.
participants. Secondary data will be sourced from reputable publications, databases, and online repositories to enrich the understanding of the tourism industry, internationalization strategies, and SWOT analysis frameworks.

The collected data will be analyzed using thematic analysis to identify recurring patterns, themes, and insights relevant to Kirana Tour and Travel's internationalization strategy. Thematic analysis involves systematically coding and categorizing the data to uncover underlying meanings and relationships (Braun & Clarke, 2006). Subsequently, SWOT analysis will be employed to assess the company's internal strengths and weaknesses, as well as external opportunities and threats in the context of international expansion. This analytical framework will help identify strategic priorities, risks, and potential avenues for growth and competitive advantage.

Internal environmental analysis uses a variable approach to the marketing mix, namely product, price, place, and promotion, while external environmental analysis is by observing the macro and industrial environment. The data analysis technique used is SWOT analysis, the results of which are summarized in the External Factors Analysis Summary (EFAS) table and the Internal Factors Analysis Summary (IFAS) table. Respondents as business strategists provide their perception of the weight (the amount of influence of each factor) and provide a rating to describe the type of influence, and calculate the total weighted value which is used as a basis for determining opportunities or threats from the results of external environmental analysis (EFAS) and strengths or weaknesses in the results of the internal environmental analysis (IFAS). The next step is transferring the EFAS and IFAS values into the Internal - External Matrix to determine the business position as a basis for designing a suitable business strategy to increase internationalization. (Rangkui, 2006)

RESULTS

The SWOT analysis conducted for Kirana Tour and Travel reveals critical insights into the company's internal strengths and weaknesses, as well as external opportunities and threats in the context of international expansion.

a. Strengths:

   The strengths of Kirana Tour and Travel lie in its established brand reputation, extensive network of partners and suppliers, personalized customer service, and strong local market presence. These attributes position the company favorably for internationalization, as they provide a solid foundation for building brand recognition and customer loyalty in foreign markets. Additionally, the company's expertise in organizing diverse travel experiences and its ability to tailor offerings to meet specific customer needs are significant competitive advantages that can be leveraged to gain a foothold in new markets.

b. Weaknesses:

   Despite its strengths, Kirana Tour and Travel faces certain weaknesses that may impede its internationalization efforts. These include limited financial resources for market entry and expansion, a lack of experience in operating in foreign markets, and potential language and cultural barriers.
Addressing these weaknesses will be crucial for the company to mitigate risks and compete effectively on the global stage. Strategies such as securing funding through partnerships or financial institutions, investing in cross-cultural training for employees, and establishing strategic alliances with local partners can help overcome these challenges.

c. Opportunities:

The analysis identifies several opportunities for Kirana Tour and Travel to capitalize on in its international expansion strategy. These include the growing demand for experiential travel, emerging tourism markets in Asia and Latin America, advancements in digital technology facilitating online bookings and marketing, and government initiatives to promote tourism development. By aligning its offerings with emerging trends and tapping into new markets with high growth potential, the company can diversify its revenue streams and enhance its competitiveness in the global tourism industry.

d. Threats:

Despite the promising opportunities, Kirana Tour and Travel also faces various threats that pose risks to its internationalization efforts. These threats include intense competition from established players and online travel agencies, geopolitical instability affecting travel patterns, economic downturns impacting consumer spending on leisure travel, and regulatory challenges in foreign markets. Mitigating these threats requires a proactive approach to risk management and strategic planning. Strategies such as differentiation through unique offerings, diversification of target markets to reduce dependency on specific regions, and maintaining flexibility to adapt to changing market conditions are essential for navigating these challenges successfully.

e. SWOT Analysis Summary and Strategic Implications:

Based on the SWOT analysis, Kirana Tour and Travel's internationalization strategy should focus on leveraging its strengths to capitalize on identified opportunities while addressing weaknesses and mitigating threats. Specifically, the company can prioritize strategies such as:

- Expanding its presence in emerging tourism markets through strategic partnerships and alliances.
- Investing in digital marketing and technology to enhance customer engagement and streamline operations.
- Diversifying its product portfolio to cater to evolving consumer preferences and niche market segments.
- Strengthening financial capabilities through prudent financial management and seeking external funding sources.
- Implementing robust risk management strategies to mitigate geopolitical and economic uncertainties.

By adopting a proactive and strategic approach guided by the findings of the SWOT analysis, Kirana Tour and Travel can effectively navigate the complexities of international expansion and position itself for sustainable growth and success in the global tourism market.
Table 1. SWOT Analysis Table

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established brand reputation</td>
<td>Limited financial resources</td>
<td>Growing demand for experiential travel</td>
<td>Intense competition from established players</td>
</tr>
<tr>
<td>Extensive network of partners and suppliers</td>
<td>Lack of experience in foreign markets</td>
<td>Emerging tourism markets in Asia and Latin America</td>
<td>Geopolitical instability affecting travel patterns</td>
</tr>
<tr>
<td>Personalized customer service</td>
<td>Potential language and cultural barriers</td>
<td>Advancements in digital technology</td>
<td>Economic downturns impacting consumer spending</td>
</tr>
<tr>
<td>Strong local market presence</td>
<td></td>
<td>Government initiatives for tourism development</td>
<td>Regulatory challenges in foreign markets</td>
</tr>
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</table>

DISCUSSION

This comprehensive SWOT analysis provides a clear roadmap for Kirana Tour and Travel to devise and execute its internationalization strategy, enabling the company to capitalize on its strengths, mitigate weaknesses, seize opportunities, and overcome threats in the global tourism landscape.

SWOT Analysis Diagram

Figure 2. Quadrant Result from SWOT Analysis
As previously stated, the alternative strategy that can be used by KIRANA TOR AND TRAVEL is the SO strategy. According to Purwanto (2012) SO (Strengths-Opportunities) strategy is a strategy used by companies by utilizing or optimizing their strengths or Strengths (S) to take advantage of various opportunities or Opportunities (O).

Utilizing the SWOT analysis conducted for Kirana Tour and Travel, an appropriate international expansion strategy has been devised to propel the company into global markets effectively. This strategy is rooted in the insights garnered from the positive aspects identified and aims to address the challenges faced by the company in the international arena. Key to success is maximizing the utilization of internal capabilities and strengths while capitalizing on available external opportunities and mitigating potential threats. The finalized strategy encompasses diversification in products and services, ramping up investment in digital marketing efforts, forging strategic partnerships with international travel agents, and enhancing employee competencies pertinent to the global market. By implementing this strategy, Kirana Tour and Travel is expected to bolster its presence on the global stage, tapping into new markets while minimizing the risks typically associated with international expansion.

This comprehensive approach not only leverages the company's existing strengths, such as its reputable brand image, extensive network, and superior service quality but also acknowledges and seeks to rectify internal weaknesses, such as financial limitations and lack of international market experience. Furthermore, by aligning with emerging opportunities in the tourism sector, such as the rising demand for experiential travel and advancements in digital technology, Kirana Tour and Travel can stay ahead of the curve and carve a niche for itself in the global marketplace.

In essence, the international expansion strategy crafted for Kirana Tour and Travel is a holistic and proactive endeavor aimed at propelling the company towards sustainable growth and success in the fiercely competitive global tourism industry. Through strategic alignment with the findings of the SWOT analysis, the company can navigate the complexities of international markets with confidence and emerge as a formidable player on the international stage.

CONCLUSIONS AND RECOMMENDATIONS

In conclusion, the SWOT analysis conducted for Kirana Tour and Travel provides valuable insights into the company's readiness for internationalization and the strategic considerations necessary for success in global markets. The strengths of the company, including its established brand reputation, extensive network, personalized customer service, and strong local presence, position it well for expansion into international markets. However, some weaknesses and threats need to be addressed, such as limited financial resources, lack of experience in foreign markets, intense competition, and geopolitical uncertainties.

Despite these challenges, there are significant opportunities for Kirana Tour and Travel to capitalize on emerging trends and tap into new markets with high growth potential. By leveraging its strengths and seizing opportunities, the company can overcome weaknesses and mitigate threats, paving the way for
successful internationalization. One key suggestion for Kirana Tour and Travel is to prioritize strategic investments in digital technology and marketing to enhance its online presence and reach a broader audience of international travelers. This includes optimizing its website for global users, leveraging social media platforms for targeted advertising and engagement, and investing in user-friendly booking systems and mobile applications. Embracing digital transformation will not only improve operational efficiency but also enhance customer experience and competitiveness in the digital age.

Furthermore, the company should consider strategic partnerships and alliances with local tour operators, travel agencies, and hospitality providers in target international markets. Collaborating with established players can help Kirana Tour and Travel navigate cultural nuances, overcome entry barriers, and access local expertise and networks. By forging strategic alliances, the company can accelerate market entry, reduce risks, and leverage complementary strengths to deliver exceptional value to customers.

FURTHER STUDY

As for future research, it would be beneficial to conduct longitudinal studies to track the implementation and outcomes of Kirana Tour and Travel's internationalization strategy over time. Additionally, comparative studies analyzing the internationalization experiences of MSMEs in the tourism industry across different regions and markets could provide valuable insights into best practices and success factors. Moreover, exploring the role of emerging technologies such as artificial intelligence, blockchain, and virtual reality in reshaping the tourism landscape and MSMEs' internationalization strategies would be an intriguing avenue for further investigation. In conclusion, by strategically leveraging its strengths, addressing weaknesses, capitalizing on opportunities, and mitigating threats, Kirana Tour and Travel can chart a successful path toward international expansion and establish itself as a leading player in the global tourism market.
REFERENCES


