



DOI: <https://doi.org/10.38035/sjtl.v3i1>
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SWOT Analysis in Increasing the Competitiveness of Local Fashion Products in the Digital Era at XYZ Company

Anggi Setiyowati¹

¹Bhayangkara University of Jakarta Raya, Jakarta, Indonesia, anggiset13@gmail.com

Corresponding Author: anggiset13@gmail.com¹

Abstract: The SWOT analysis method is employed to pinpoint a company's strengths, weaknesses, opportunities, and threats that affect its overall success. The data related to opportunities and threats is gathered from various channels. Many organizations utilize monitoring services to gather information and assess trends. SWOT analysis examines both external elements and internal factors, which are documented in the IFAS and EFAS matrices. Maintaining competitiveness is vital for ongoing business operations, particularly in fiercely competitive local markets. Aspects like product quality, operational efficiency, innovation, and leadership play a significant role in determining competitiveness. Local businesses must implement effective management strategies. Additionally, a strong online marketing strategy is essential for sustaining revenue, even though some entrepreneurs might face challenges in developing effective plans. The growth of the domestic fashion industry in Indonesia is driving brands to adapt to new trends. This article discusses ways to improve the competitiveness of local fashion products, highlighting the factors that affect competitiveness, the role of innovation, and how businesses in the area adjust accordingly. An examination of company XYZ reveals both its strengths and weaknesses, along with available opportunities and threats. The optimal approach emphasizes using strengths to take advantage of opportunities while innovating in product development.

Keyword: SWOT Analysis, Competitiveness, Local Fashion Products, IFAS and EFAS Matrix

INTRODUCTION

SWOT analysis is a method used to identify a business's strengths, weaknesses, opportunities, and threats that may impact its success. Information regarding external opportunities and threats can be obtained from various sources, including customers, governmental data, suppliers, financial institutions, and partnerships with other companies. Many businesses hire monitoring firms to gather information, conduct online research, and assess relevant patterns on both national and international levels. SWOT analysis compares external factors, namely opportunities and threats, against internal factors such as strengths and weaknesses. The internal

factors are structured within a model called the internal strategic factor analysis matrix, or IFAS. Meanwhile, the external factors are assembled into a framework known as the external strategic factor analysis matrix, or EFAS (Zuhrotun Nisak, 2013).

Competitiveness is crucial for the ongoing success and development of companies, particularly for local businesses in a highly competitive environment. For these local companies, competitiveness is evaluated not only by their survival but also by their capability for advancement and their success in obtaining a portion of the local market. Local businesses possess unique strengths that set them apart from their rivals. These strengths can be influenced by various factors such as the quality of their offerings, operational efficiency, innovation levels, and leadership abilities. To improve the competitive edge of local firms, a planned and systematic method is essential, grounded in effective management principles. A key element that enhances the competitiveness of local businesses is the proficient management of their workforce, along with the organization's ability to respond to shifts in the market (Wijaya, 2024).

Online marketing has become a crucial strategy for business owners looking to sustain and boost their earnings. A growing number of entrepreneurs are beginning to leverage digital platforms to ensure their businesses can thrive and compete with traditional, well-established companies. However, numerous entrepreneurs transition to online sales without a solid plan, leading to a drop in their sales figures. Various sectors are experiencing this decline in sales (Khayrani, 2022).

Creating a plan to boost market competitiveness can involve different approaches, one of which is a detailed examination of market trends, customer preferences, and strengths relative to competitors. This study gathered data through various techniques, such as interviews, gathering documents, and direct observations. The interviews were held in person between the researchers and the participants to gain in-depth insights into business issues, including obstacles presented by a competitive environment and strategies to improve brand visibility. Alongside the interviews, documentation techniques were utilized to gather information on business methods, including marketing tactics used on social platforms and advancements in product developments (Sari et al., 2025).

The fashion scene in Indonesia has expanded significantly, spurred by increased consumer preference for items made locally and the growth of online platforms. As worldwide competition gets tougher, local fashion brands must adapt and create smart plans to succeed in a larger marketplace. The move to online platforms has reshaped the fashion world, changing how things are made and how they are advertised, while also bringing both new problems and possibilities for those in the industry. Thinking outside the box is key to dealing with the fast changes caused by going digital and shopping online. Given the fierce competition, business leaders must always find new ways to connect with shoppers, like using great materials, staying on top of current styles, and knowing about the yearly fashion calendar. Therefore, being inventive is very important for staying competitive in the retail business, particularly now that everything is online (Shafira Nur Azizah, 2024).

The aim of this article is:

1. to investigate and clarify methods for boosting the competitive power of community businesses, particularly in the fashion sector, in light of today's digital hurdles.
2. to pinpoint elements that affect the competitiveness of local fashion brands.
3. to examine the importance of creativity, product excellence, and operational effectiveness in improving competitiveness.

METODE

This research adopts a quantitative descriptive methodology to illustrate current conditions using numerical data. The evaluation is carried out through the SWOT analysis method, which utilizes the Internal Factor Analysis Summary (IFAS) to examine internal factors (strengths and weaknesses) and the External Factor Analysis Summary (EFAS) to evaluate external factors (opportunities and threats). The aim of this approach is to create strategies that can boost Company XYZ's competitiveness in the digital age.

Additionally, this research employs the SPACE matrix (Strategic Position Evaluation and Action) to delve deeper into the strategic standing of the organization. The SPACE matrix consists of four essential components: financial strength (FS), competitive advantage (CA), environmental stability (ES), and industry strength (IS). The findings from this examination will classify the company's strategy into one of four categories: aggressive, conservative, defensive, or competitive. Thus, the SPACE matrix offers a clearer strategic path for decision-making that can improve the company's competitiveness amid the evolving digital landscape.

RESULTS AND DISCUSSION

SWOT Analysis

SWOT analysis is a structured method used to determine the different facets necessary for developing a company's strategy. It acts as a tool to evaluate the advantages, disadvantages, possibilities, and challenges faced by a business. These four elements create the acronym SWOT, representing strengths, weaknesses, opportunities, and threats. This evaluation considers internal factors like strengths and weaknesses, as well as external elements such as opportunities and threats that influence the organization. Conducting a SWOT analysis involves identifying the strengths, weaknesses, opportunities, and threats that play a role in the company's achievement. Data regarding opportunities and threats is obtained from various sources, including customers, official documents, suppliers, the financial sector, and peers from diverse companies. Some organizations hire analytical firms to gather information, perform online research, and examine relevant trends both nationally and globally (Mashuri, 2020).

SWOT is a method designed to assess an organization's internal advantages and drawbacks, as well as the external possibilities and challenges it encounters. This evaluation emphasizes the differences between outside influences and the internal features of the organization. The aim of SWOT is to pinpoint the company's strengths and weaknesses, its market potential, and the various threats that might arise from external factors in the future. This method serves as a valuable resource for the organization's strategic planning efforts. Consequently, businesses function within two separate environments: internal and external. Therefore, analyzing both is crucial for successful strategic management. The evaluation of an organization concerning its external environment is referred to as SWOT Analysis (Laksana & Waluyo, 2021).

- A. Strength (S): Strength refers to a beneficial trait that a business or organization possesses, established by examining its current state and its surroundings. It is essential for the organization to identify and evaluate its advantages and drawbacks by measuring itself against its existing competitors.
- B. Weakness (W): Weakness refers to a deficiency within a business or organization, which can be recognized by analyzing present situations or conditions that might obstruct the organization's advancement.

- C. Opportunity (O): Opportunity represents a favorable aspect that emerges from external sources. This component is acknowledged by evaluating outside possibilities that could support the organization's future growth.
- D. Threat (T): Threats are external challenges that are detected through a risk evaluation, indicating possible dangers to the organization that stem from various external factors that could negatively affect its performance (Samsudin et al., 2023).

Competitiveness

Competition among businesses has been an important subject for many years, and a variety of theories have emerged about it. Some researchers believe that being competitive involves recognizing the factors in a market that align with a company's position. To be competitive is to strive to deliver greater value to customers than rivals by efficiently executing different activities, whether through cost reductions, enhanced service quality, or a mix of both in comparison to others. Competition can also stem from the resources a company possesses. This perspective is referred to as the Resource Based View (RBV) or the resource-oriented approach, which indicates that competitiveness can be gained by leveraging economies of scale, enhancing management skills, and fostering technological advancements (Mohamad et al., n.d.).

One way to boost competition is by employing appropriate marketing channels, especially a combination of traditional and online marketing methods. This promotional effort aims to increase market exposure and speed up growth. Steps taken involve evaluating e-commerce platforms, signing up, providing training and support for using the e-commerce website, and tracking and gathering data on sales performance via the e-commerce platform (Yenny, 2020).

IFAS and EFAS Strategy of XYZ Company Fashion Products

IFAS (Internal Factor Analysis Summary) and EFAS (External Factor Analysis Summary) are assessments based on the SWOT framework designed to pinpoint both internal and external factors influencing a business. It is crucial for organizations to identify different elements that serve as strengths and opportunities while crafting competitive strategies. One technique that can be utilized is a SWOT analysis, which focuses on internal strengths and weaknesses referred to as IFAS. Opportunities and threats, on the other hand, are examined under EFAS. By implementing IFAS and EFAS assessments, it is anticipated that various factors can be systematically recognized, enhancing current strengths and opportunities while reducing weaknesses and external threats from competitors and outside influences. The IFAS matrix assesses and prioritizes the importance of each piece of information gathered regarding an organization's internal factors, particularly the strengths and weaknesses the company possesses (Dhika, 2019).

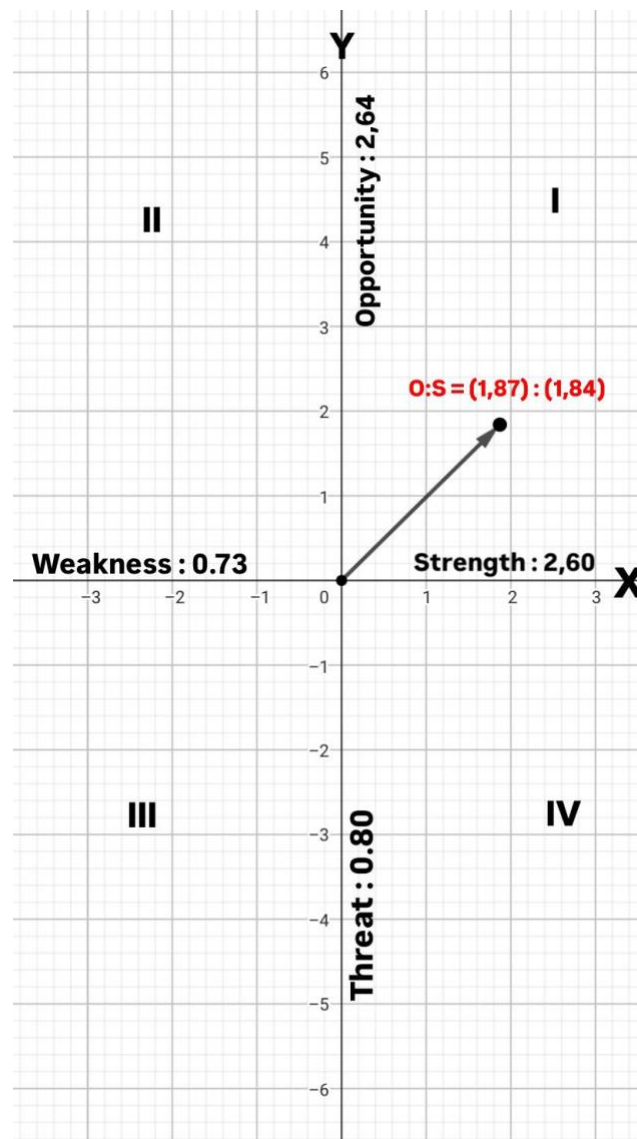
Table 1. IFAS Calculation

No	Factors	Score	Rating	Weight
Strengths (S)				
1.	Brand is widely known in Indonesia	0,15	4	0,60
2.	Active on various digital platforms and marketplaces	0,12	4	0,48
3.	Collaboration with famous celebrities and influencers	0,10	4	0,40
4.	Competitive product quality at affordable prices	0,15	4	0,60
5.	Creative team that is adaptive to global fashion trends	0,13	4	0,52

Subtotal		0,67		2,60
Weaknesses (W)				
1.	Designs tend to be mass and less unique	0,09	2	0,18
2.	Designs tend to be mass and less unique	0,07	3	0,21
3.	Not many physical stores in the area	0,07	2	0,14
4.	Stock management and shipping are sometimes late	0,05	2	0,10
5.	Not much exploration of more premium materials	0,05	2	0,10
Subtotal		0,33		0,73
Total		1		3,33

Table 2. EFAS Calculation

No	Faktor-Faktor	Bobot	Rating	Skor
Opportunities (O)				
1.	Local Indonesian fashion is increasingly known and in demand abroad	0,15	4	0,60
2.	Ease of promotion through social media	0,15	4	0,60
3.	Young generation actively shops online	0,10	4	0,40
4.	Export market is open for local products	0,12	4	0,48
5.	Government support for SMEs and local products	0,14	4	0,56
Subtotal		0,66		2,64
Threats(T)				
1.	Many foreign brands enter the Indonesian market	0,07	3	0,21
2.	Fashion trends change very quickly	0,08	2	0,16
3.	Logistics and raw material costs continue to increase	0,07	2	0,14
4.	Threat of piracy or imitation designs in local and online markets	0,07	2	0,14
5.	Dependence on digital platforms (TikTok, Shopee, Instagram)	0,05	3	0,15
Subtotal		0,34		0,80
Total		1		3,44

Table 3. IFAS & EFAS Quadratic Diagram

SWOT Coordinates: (1.87 ; 1.84)

Calculated based on:

Strengths – Weaknesses = $2.60 - 0.73 = 1.87$ (X-axis)

Opportunities – Threats = $2.64 - 0.80 = 1.84$ (Y-axis)

Point Position: Quadrant I → SO Strategy (Strengths-Opportunities)

One strategy in marketing is to apply the SO approach, which emphasizes using strengths to capitalize on opportunities. With an X axis value of 1.84 and a Y axis value of 1.87, the location falls within the first quadrant on the provided Cartesian chart. The X axis score of 1.84 is obtained from the total results of the IFAS table, indicating strengths of 2.60 and weaknesses of 0.73. Conversely, the Y axis score of 1.87 comes from the overall findings of the EFAS table, revealing opportunities amounting to 2.64 and threats at 0.80. This indicates that the organization possesses

internal strengths along with external chances, making it advantageous for adopting an aggressive strategy or pursuing expansion (Hengki *et al.*, n.d.).

Recommended Strategy:

Utilize the strengths to take advantage of opportunities.

Example: digital marketing, expanding the market, collaborating with other brands.

- a. Quadrant I (SO): The company has strengths and opportunities
→ expansion or aggressive strategy.
- b. Quadrant II (WO): There are opportunities but the company has limited strengths
→ strategy to strengthen internal capacity.
- c. Quadrant III (WT): The company has weak strengths and faces many threats
→ defensive strategy.
- d. Quadrant IV (ST): The company has strengths, but is threatened by threats
→ strategy to diversify or protect.

Table 4: XYZ Company Space Matrix

A. Financial Strength (FS) – Kekuatan Finansial

Indicator	Value (1 – 5)	Reason for Assessment
Revenue Growth	5	Global expansion and increasing online sales
Profitability (Profit Margin)	4	Reasonable margins in the fashion industry
Liquidity	5	Ability to meet short-term obligations well

$$\text{Average FS} = \frac{(5 + 4 + 5)}{3} = 4,67$$

B. Competitive Advantage (CA) – Keunggulan Kompetitif

Indicator	Value (1 – 5)	Reason for Assessment
Product Differentiation	4	Trend-following designs and influencer collaboration
Market Share	3	Strong position in local market, starting to be recognized in international market
Customer Loyalty	4	Active and loyal customer community

$$\text{Average CA} = \frac{(4 + 3 + 4)}{3} = 3,67 \rightarrow - 3,67$$

CA – Competitive Advantage :

- Scale: 1 (superior) to 6 (weak).
- But logically:
 - a. The smaller the value, the better.
 - b. The larger the value, the weaker the competitive advantage.
- So that the direction of the SPACE graph is consistent: The average value of CA is given a negative sign.

C. Industry Strength (IS) – Kekuatan Industri

Indicator	Value (1 – 5)	Reason for Assessment
Fashion Industry Growth	4	The fashion industry continues to grow, especially in the online segment
Global Market Potential	5	Expansion opportunities to the international market are wide open
Industry Stability	4	The industry is relatively stable despite fluctuations in trends

$$\text{Average IS} = \frac{(4 + 5 + 4)}{3} = 4,67$$

D. Environmental Stability (ES) – Stabilitas Lingkungan

Indicator	Value (1 – 5)	Reason for Assessment
Changing Consumer Trends	4	Fashion trends change rapidly, requiring quick adaptation
Market Competition	5	Fierce competition with local and international brands
Economic Uncertainty	4	Economic fluctuations can affect consumer purchasing power

$$\text{Average ES} = \frac{(4 + 5 + 4)}{3} = 4,33 \rightarrow -4,33$$

ES – Environmental Stability

- Scale: 1 (stable) to 6 (unstable / vulnerable).
- The higher the value → the more unstable the external conditions → the less favorable.
- So: The average ES value is also given a negative sign.
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X axis = FS + (- CA)	Y axis = IS + (- ES)
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Positive → Strong	Positive: Attractive and stable industry
Negative → Weak	Negative : High risk environment

Coordinate Matrix Space

- **X-axis** = FS + CA = $4.67 + (-3.67) = 1.00$
- **Y-axis** = IS + ES = $4.67 + (-4.33) = 0.34$

Company XYZ is in the strategic position of the aggressive quadrant, which shows that the company has solid internal strengths, especially in terms of finance, growth, and brand competitiveness, and operates in an attractive and growing fashion industry, especially through digital channels and streetwear trends. However, external challenges remain, such as intense competition, rapid changes in consumer trends, and economic uncertainty. This combination shows that Company XYZ deserves to actively drive expansion and innovation strategies in order to maintain growth momentum and expand the market.

CONCLUSION

Analyzing strategies that can be used to improve the competitiveness of local fashion products in the digital era with a case study on XYZ company (in this context it can be understood as a representation of a brand such as Erigo). The study uses a descriptive quantitative approach through the SWOT analysis method, which is then strengthened by the use of the IFAS, EFAS, and SPACE matrices to provide a more accurate strategic direction. The results of the analysis show that the company has strong internal strengths, including a brand that is widely known in Indonesia, activeness in digital platforms and marketplaces, good product quality at affordable prices, and collaboration with celebrities and influencers. On the other hand, several weaknesses were still found, such as less unique designs, dependence on e-commerce, limited physical stores, and less than optimal logistics management.

In terms of external aspects, the available opportunities are quite large. Among them are the increasing interest in local fashion in the international market, ease of promotion through social media, online shopping habits of the younger generation, and government support for MSMEs. However, threats that need to be anticipated include the entry of foreign brands into the Indonesian market, rapid changes in fashion trends, increasing logistics costs, and the potential for design piracy. Based on the results of the total IFAS score calculation (3.33) and EFAS (3.44), the SWOT coordinate position is in quadrant I (SO Strategy), which shows that the best strategy for the company is to utilize strengths to capture opportunities (aggressive strategy). This strategy emphasizes market expansion, strengthening digital marketing, product innovation that is relevant to global trends, and strategic collaboration with various parties. Further analysis through the SPACE matrix also shows that the company is in an aggressive strategy position, with an X-axis score of 1.00 and a Y-axis of 0.34. This reflects that the company has strong financial conditions, a fairly good competitive advantage, and operates in a potential industry, despite facing external dynamics such as tight competition and rapid changes in trends.

Overall, the main conclusion of this study is that to maintain and improve competitiveness in the digital era, companies must continue to optimize their internal strengths and actively respond to available external opportunities. Product innovation, effective use of digital technology, market expansion through collaborative strategies, and increased operational efficiency are important

steps that need to be taken. With a planned strategy that is adaptive to market changes, local companies like XYZ have the potential to compete sustainably in both domestic and global markets.

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