

Optimizing Market Growth Strategies in South Sulawesi: A Comprehensive Evaluation using AHP - PT MCM Case Study

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Abstract

The fluctuations in DC Makassar's financial performance indicate the presence of factors that hinder its growth and profitability. Understanding the root causes of these challenges is essential for developing effective solutions and optimizing the financial stability of the distribution center. This study uses the Analytic Hierarchy Process (AHP) method of Multi-Criteria Decision Making (MCDM) to improve market growth in South Sulawesi, concentrating on the instance of PT MCM, especially on the Makassar Distribution Centre. The objective is to identify potential market development strategies and assess their viability and efficacy in attaining PT MCM's growth objectives. Additionally, the study evaluates the potential hazards and difficulties associated with implementing each alternative strategy. The research methodology entails collecting pertinent data and conducting interviews with key stakeholders to identify the critical factors influencing South Sulawesi's market development. Financial, market development, human resources, and operations are the four primary dimensions that categorize these factors. The AHP method is then used to determine the relative weights and priorities of each criterion and alternative strategy through a thorough evaluation. The AHP alternative in this study was formed based on the results of qualitative internal and external analysis. Based on the findings, three alternative strategies are identified: Full Third-Party Distributor, Stand Still and Invest in Makassar Branch Development. PT MCM's optimal strategy is determined to be the development of the Makassar Branch through investment, as determined by the evaluation procedure. This business solution highlights the significance of investing in HR development and control, expanding the number of potential customers, and enhancing brand equity as key priorities for the Makassar Branch's success. Preventive measures and contingency plans are proposed to address prospective threats and challenges. Among these are optimizing operational processes, controlling accounts receivable, implementing recruitment strategies, supplying training and resources, and conducting internal audits. In summary, the research has practical implications for DC Makassar by providing actionable insights to address its financial challenges. Additionally, the implications extend to the distribution center industry as a whole, fostering learning and improvement in financial performance and strategic decision-making.

Keywords *Enhancing Market Development; South Sulawesi; Multi-Criteria Decision Making; Analytic Hierarchy Process; PT MCM; Alternative Strategies*

INTRODUCTION

Building chemicals, also known as construction chemicals, play a crucial role in enhancing the construction process and improving the strength and durability of buildings. These chemicals offer various benefits, including increased productivity, enhanced performance, improved functionality, and protection of building components (Coumans et al., 2022). They can be classified into various types, including concrete admixtures, waterproofing and roofing solutions, repair materials, flooring products, sealants and adhesives, asphalt additives, flame retardants, shrinkage-reducing agents, bond breakers, and mold release agents. Waterproofing is a vital process in construction that prevents water penetration into the structure of a building. It involves using membranes and protective coatings to effectively hinder water from entering the structure. Waterproof coatings, such as liquid-applied waterproofing materials like acrylic, polyurethane, bituminous coatings, and cementitious waterproofing products, are commonly used solutions (Huang et al., 2022).

Despite the availability of waterproofing solutions, building leaks or dampness can still occur due to various factors such as extreme weather conditions, rainwater infiltration, drainage issues, construction flaws, and design limitations. These factors highlight the need for continuous

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improvement in waterproofing methods to ensure effective protection against water damage. In the Indonesian retail market, acrylic-based liquid-applied waterproofing is the dominant type of waterproof coating. It has experienced rapid growth and widespread adoption across various industries since the introduction of the Aquaproof brand. Other prominent paint manufacturers and building chemical companies have also launched their brands of acrylic liquid-applied waterproofing. The demand for waterproofing solutions in Indonesia is significant due to the country's high rainfall and tropical climate.

According to a report by Frost and Sullivan, the waterproof paint/coating market in Indonesia has exhibited substantial growth, with a projected growth rate of 8.4% from 2021 to 2025 ([Sehgal et al., 2014](#)). The construction sector in Indonesia, particularly in South Sulawesi province, has played a significant role in the country's economy, contributing 14% to the region's total GDP. With a growing population and a substantial number of residential properties, the demand for waterproof coatings is expected to increase in the region.

PT MCM, established in 1985, serves as a distributor for waterproofing coating products and other building chemicals manufactured by PT GGR. PT MCM adopts a comprehensive distribution approach throughout Indonesia, utilizing direct and indirect distribution models. The company distributes various product brands, including liquid-applied waterproofing, cementitious waterproofing, additives, and tiling products.

The objectives of this study:

1. To evaluate the sales performance of DC Makassar for waterproofing coating products and other building chemicals.
2. To identify the reasons behind the decline in revenue and the decrease in active customers in DC Makassar.
3. To propose strategies to improve sales and customer engagement in DC Makassar.
4. To assess the feasibility and potential impact of implementing the proposed strategies.

By achieving these objectives, the study aims to provide insights and recommendations for PT MCM to enhance its sales and customer relationships in the Makassar region, ultimately contributing to the company's growth and success.

LITERATURE REVIEW

Analytic Hierarchy Process (AHP)

The Analytical Hierarchy Process (AHP) is a decision-support model developed by Thomas L. Saaty that utilizes a hierarchical structure to tackle complex problems ([Ikram et al., 2020](#)). This structured approach breaks down the problem into different levels, ranging from the objective at the top to factors, criteria, sub-criteria, and alternative options. This hierarchical representation brings organization and systematicity to the problem-solving process. AHP finds applications in various domains, including location selection, vendor selection, product development, project planning, and investment selection. Each application involves identifying relevant criteria and using pairwise comparisons to determine the relative weights of these criteria. By calculating the scores of the alternatives based on the weighted criteria, AHP facilitates decision-making and helps identify the most suitable option. The results obtained from AHP can be further analyzed, interpreted, and verified using additional methodologies if needed ([Kumar et al., 2020](#); [Liu et al. 2020](#); [Sequeira et al., 2021](#)).

To implement AHP, several steps are followed. The problem is initially defined, and the goals of the AHP process are established. The criteria necessary for evaluating the alternatives are then identified and organized into a hierarchical structure. Pairwise comparisons are conducted to determine the relative importance of the criteria, and the eigenvectors of the pairwise comparison matrices are calculated to assign weights to each criterion. These weights are used to calculate the

scores of the alternatives, which are compared to identify the most appropriate option. The results are then verified, interpreted, and potentially cross-validated using other techniques to ensure the reliability of the decision-making process. By following this systematic procedure, AHP provides a structured framework for processing questionnaire data and incorporating subjective judgments into the decision-making process.

Market Development

Market development is a strategic approach employed by organizations to expand their operations into new markets or target new customer segments. It is a key strategy for organizations seeking growth beyond their existing markets (Huang et al., 2019; Sterren, 2017). The Ansoff Matrix, a widely recognized framework, offers four strategic options for growth, with market development being one of them. This strategy involves entering new markets while leveraging existing products or services to expand market reach. It emphasizes the identification and entry into untapped customer segments or geographical markets. The STP (Segmentation, Targeting, Positioning) framework is another popular model for market development (Boukhatem, 2022; Dhakal & Raut, 2010; Pradhan et al., 2020). It highlights the importance of identifying and targeting specific customer segments in new markets based on their unique needs and preferences. Effective segmentation enables organizations to tailor their marketing strategies and offerings, effectively penetrating new markets and establishing a strong market position.

The success of market development initiatives is influenced by various factors that organizations need to consider (De Jong et al., 2015; Ho & Iyke, 2017). Market selection is a crucial factor, as organizations must identify markets with growth potential, favorable industry dynamics, and sufficient demand for their products or services. Understanding the competitive landscape and the presence of local competitors is also crucial in determining the feasibility and success of market development efforts. Moreover, organizations need to develop effective market entry strategies to gain a foothold in new markets. This may involve strategic partnerships, acquisitions, or greenfield investments, depending on the specific market context and organizational capabilities. Cultural considerations, regulatory environments, technological infrastructure, and the adaptability of products or services to local market conditions are also important factors that can influence the success of market development initiatives (Adusei & Adeleye, 2021; Daouda et al., 2020).

Empirical studies have provided valuable insights into market development strategies and their outcomes across different industries and geographical locations. These studies have examined the effects of market development on various performance indicators, such as sales growth, market share, profitability, and customer satisfaction. They have also explored the factors that contribute to successful market development, including market research, strategic alliances, marketing capabilities, and organizational learning. Real-world case examples of successful market development initiatives have been documented, providing practical insights into the applications of different strategies and shedding light on the challenges faced, the techniques employed, and the outcomes achieved.

Business Issue

Sales in DC Makassar in 2022 were primarily dominated by Aquaproof, accounting for 75.8% of the total sales. SupergROUT followed with a contribution of 8.5%, while other products made up the remaining share. In terms of active outlets, Aquaproof was also the most purchased product, with 192 customers, followed by SupergROUT with 132 customers. However, concerning findings revealed that out of the 769 registered customers, 442 were inactive and did not make any transactions throughout the year. The financial overview of DC Makassar from 2017 to 2022 indicates a mixed pattern in revenue and financial indicators. The company experienced growth in

revenue from 2017 to 2018, with a peak of 8,659.4 million IDR. However, there was a decline in revenue in 2019, followed by relative stability in 2020. Despite a significant improvement in 2021, DC Makassar faced a notable decline in revenue in 2022. Furthermore, the number of active customers showed a declining trend over the years, indicating potential market share loss. While some periods experienced growth in average purchase value, overall, the average remained relatively stable. These trends highlight challenges in maintaining consistent revenue growth and customer engagement. DC Makassar must analyze the factors contributing to the declines in revenue and customer numbers, such as market conditions, competitive pressures, and the effectiveness of marketing and sales strategies. By understanding the underlying reasons, the company can take appropriate measures to regain market share, attract more customers, and improve its financial performance.

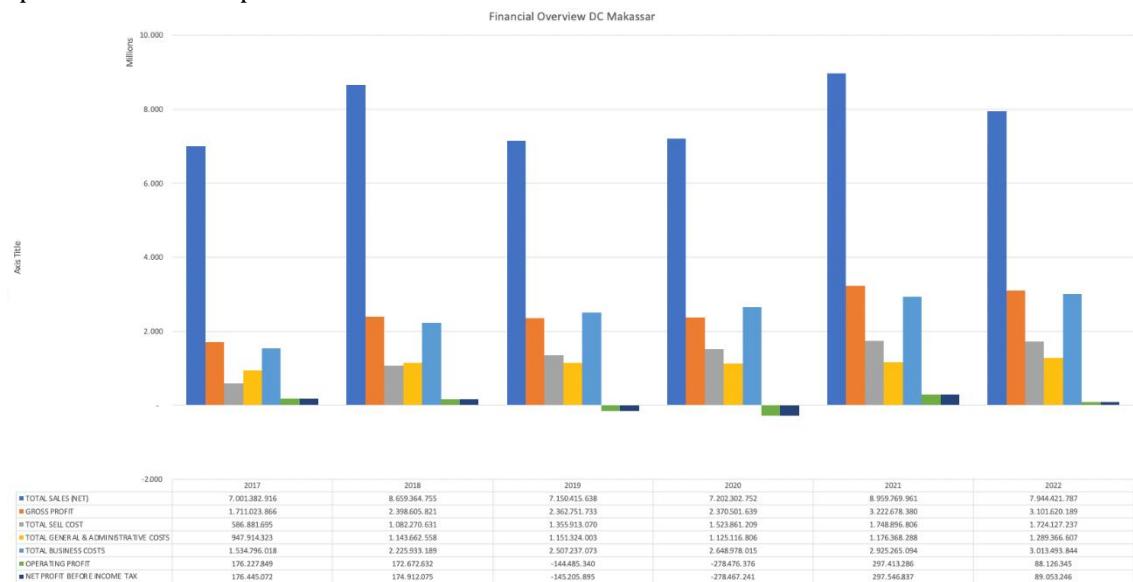


Figure 1. Financial Overview of DC Makassar

RESEARCH METHOD

This research involves the use of both quantitative and qualitative methods to investigate market development in PT. MCM distribution center in Makassar, Sulawesi (Figure 2). Qualitative methods, such as in-depth interviews with stakeholders, will be used to identify decision-making processes related to market development. On the other hand, quantitative methods, including questionnaires with industry personnel, will be utilized to understand the market's current state and identify obstacles in Indonesia.

The qualitative data analysis in this study involved participants who were experts in their respective fields, including the Director of Commerce, Director of Finance, Advisor, General Manager - Commerce, Finance Manager, National Sales Manager, Branch Head (East Indonesia), and Sales Head (Makassar). These individuals contributed valuable insights and expertise from various perspectives, such as market trends, financial analysis, strategic decision-making, operational aspects, and customer relationships. Their participation added depth and richness to the research, enhancing the understanding of the organization's dynamics and facilitating the development of comprehensive strategies for market growth and financial stability.

The research design encompasses a systematic approach to address business issues and achieve specific objectives. The author's illustration of the research design emphasizes optimizing market development in PT. MCM by investigating various aspects and selecting the best decisions for the company. The research involves preliminary assessments of the internal and external business environment, utilizing SWOT analysis and the Analytic Hierarchy Process (AHP). AHP is a

valuable tool for prioritizing, optimizing, and rationalizing strategies, helping to reduce bias and enhance decision-making, especially during the SWOT process.

Data collection for this research includes both primary and secondary sources. Primary data is gathered through interviews and surveys with stakeholders, while secondary data is obtained from literature studies. Internal analysis focuses on assessing the organization's internal resources, capabilities, and performance, while external analysis examines industry dynamics, market trends, and regulatory factors. By conducting both internal and external analyses, organizations gain valuable insights to formulate effective strategies, identify opportunities, and address weaknesses and threats.

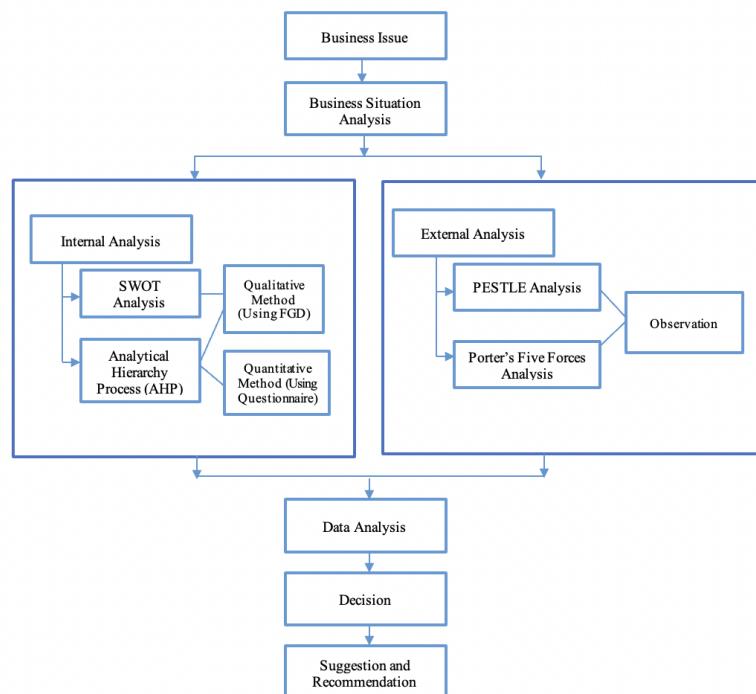


Figure 2. Research Design

Data Analysis

In this study, qualitative data analysis was conducted using NVivo, a software tool widely used for organizing and analyzing qualitative data. The systematic process of qualitative data analysis involved several key steps. Qualitative data analysis is a systematic process that involves preparing, familiarizing, coding, developing themes, and interpreting qualitative data collected through interviews, observations, or textual sources. Researchers carefully review and analyze the data to identify recurring patterns and develop meaningful themes that provide insights into the research question or topic (Yin, 2003). The analysis is conducted rigorously by comparing the data with existing theories or the literature to deepen understanding of the findings, and the results are reported in narrative form, often supported by visual representations or quotations.

In addition to qualitative data analysis, the AHP (Analytical Hierarchy Process) method is employed to analyze the decisions for the distribution center in Makassar, South Sulawesi. The AHP methodology involves structuring the decision model, establishing priorities among elements of the hierarchy, comparing relative importance, synthesizing results, and conducting sensitivity analysis. Software based on AHP assists in organizing the problem elements, facilitating pair-wise comparisons, deriving priorities, and combining intangible information with tangible data. This analytical framework aids in making informed decisions for the distribution centers in Sulawesi. For analyzing AHP results, software founded on the analytic hierarchy process is utilized. AHP

methodology, devised by Thomas L. Saaty using the weighting-ranking approach in evaluation and selection mode, consists typically of five steps:

1. Establishing a hierarchy of objectives/criteria and alternatives in the decision model.
2. Entering alternatives: establishing priorities among hierarchy elements.
3. Comparing – relativistically – the problem where required levels of uncertainty exist.
4. Consolidating the results using a standard scale.
5. Carrying out a sensitivity analysis.

The software that supports AHP facilitates the hierarchical organization of a problem's various elements. Software aids in determining, through pair-wise comparisons, the relative significance of the objectives and the preference for the defined alternatives. Combining intangible information from our experience and intuition with tangible information such as data, software generates management priorities.

The AHP (Analytical Hierarchy Process) method is used to analyze the decisions that will be chosen for the Makassar, South Sulawesi distribution center. The framework of analytical methodologies used to make decisions regarding the Sulawesi distribution centers is presented below.

FINDINGS AND DISCUSSION

Internal Analysis

SWOT Analysis

The internal qualitative analysis in this research involves conducting a SWOT analysis to assess the strengths, weaknesses, opportunities, and threats of PT. MCM in Makassar, South Sulawesi. The strengths identified include enterprise system support, access to accurate information, reputation in the market, good relationships with stakeholders, and product quality. The weaknesses include spatial constraints, weak brand equity, limited branches, lack of competent human resources, and ineffective supervision. The opportunities identified are the growth of the market in South Sulawesi, changing business models, increased promotion, leveraging relationships with shop owners, and utilizing social media. The threats include intense competition, perception of product quality, limited resources, lack of team oversight, and competition in promotion and media.

The SWOT analysis provides insights into the internal factors that can impact the company's performance and decision-making. It highlights the strengths that PT. MCM can leverage, such as its reputation and product quality, and the weaknesses that need to be addressed, such as limited resources and weak brand equity. The analysis also identifies opportunities for growth and development, such as the expanding market and industrial developments in Makassar, as well as potential threats, including intense competition and product substitution. By understanding these factors, PT. MCM can formulate strategies to capitalize on its strengths, overcome weaknesses, exploit opportunities, and mitigate threats to optimize its market development in Makassar and achieve sustainable success.

Table 1. SWOT Analysis

| Components | Representative Quotations |
|------------|--|
| Strengths | <ul style="list-style-type: none"> • Enterprise system support that supports business development and risk control. • Access to more accurate information in the Makassar area • Reputation and footprint in the waterproofing and building chemical market in Indonesia. • A good relationship with shop owners and distributors. • Good product quality |

| Components | Representative Quotations |
|---------------|--|
| | <ul style="list-style-type: none"> • The proximity of sales to shops in Makassar. • Potential to build community of customers that can influence other customers. • The company has more than 35 years of experience in the waterproof industry, providing excellence in knowledge and skills. • The company's products are pioneers in their category in Indonesia, giving them a competitive advantage. • The company's brand has been known in Makassar for 30 years, building customer trust and loyalty. • The existence of a branch in Makassar for 30 years provides existence and trust from the local community. • The company focuses on product quality and user experience, creating product excellence and customer loyalty. |
| Weaknesses | <ul style="list-style-type: none"> • Spatial constraints in Makassar affect the ability to achieve more accurate information. • Business development constraints and control in terms of information quality and business development. • Weak brand equity. • Lack of tendency for Makassar residents to pay attention to product quality. • A limited number of branches or branch offices • Lack of competent human resources. • Ineffective supervision and team control. • The company's preparation is still below its competitors in terms of market development, it needs to improve its marketing strategy and consumer outreach. • Weaknesses in the number of human resources at the Makassar branch can affect operational performance. • Revenue and performance of the Makassar branch have stagnated, it is necessary to take initiatives to revive growth. |
| Opportunities | <ul style="list-style-type: none"> • The growth of the waterproofing and building chemical market in South Sulawesi, especially in Makassar and its surroundings. • Changing business models or looking for new business models that can increase success. • Increasing promotion and attention to product strengths, such as the quality and excellence of customers. • Utilizing good relationships with shop owners to provide additional margins and incentives in marketing products. • Build a strong handyman community to influence other builders. • Utilize promotion and distribution point upgrades to develop the market and increase product visibility and reach. • Improving the quality of human resources by using third-party networks and referrals from stores, strengthening the capabilities of the Makassar branch. • Follow the development of social media as a long-term investment, utilizing this platform for marketing and interaction with customers. • Industrial and investment developments in Makassar and its surroundings provide potential market opportunities, establish partnerships, and expand distribution networks. |

| Components | Representative Quotations |
|------------|---|
| | <ul style="list-style-type: none"> The people of Makassar have known the company's products for 30 years, giving them an edge in customer understanding and loyalty. Industrial development and the need for building materials in the regions provide greater market opportunities. |
| Threats | <ul style="list-style-type: none"> Competitive rivalry from competitors, especially those with a strong reputation and support from related parties. Perception of product quality in Makassar can be a threat if customers do not perceive the company's products as the best choice. Intense competition with competitors, especially with brands that are better known in Makassar. Limited human and branch resources may affect aggressive market penetration. Lack of team oversight and control which may affect operational effectiveness. Intense competition with competitors in terms of promotion and media is necessary to develop an effective marketing strategy to win the competition. Existence of exterior product substitution which can be a threat to the company's products, it is necessary to continue to innovate and improve product quality. A lack of human resources within the company can limit the company's ability to develop, need manage, and improve employee skills. |

PESTLE Analysis

PESTLE analysis is a valuable tool in qualitative analysis that helps identify and assess the external factors affecting a business or project. The analysis covers six key areas: Political, Economic, Sociocultural, Technological, Legal, and Environmental. In the PESTLE analysis conducted for this research, various factors were identified within each area. For instance, in the political aspect, government policies related to the industry and business in Sulawesi Selatan were highlighted as influential factors. Economic factors included the region's economic growth, consumer purchasing power, and the influx of new investments supporting industrial development. The sociocultural factors involved consumer perception, brand value, and the use of social media and television advertisements by competitors. Technological factors encompassed technological innovations in the industry and the importance of embracing innovation and effective marketing strategies. Legal factors considered compliance with regulations and the impact of the legal framework on operational procedures. Environmental factors addressed environmental regulations and awareness affecting the usage and acceptance of waterproofing and building chemical products.

By conducting a PESTLE analysis, decision-makers gain a comprehensive understanding of the macro-environmental factors that may influence the organization. It enables them to assess the potential impact of political, economic, sociocultural, technological, legal, and environmental factors on the business or project. This analysis helps in identifying opportunities for growth, anticipating potential risks and challenges, and formulating strategies to adapt and thrive in the dynamic external environment. By considering these factors, businesses can make informed decisions and develop strategies that align with the prevailing conditions and trends in the market.

Table 2. PESTLE Analysis

| Theme | Representative Quotations | P |
|-------------------|--|------------|
| Politics | Government policies related to industry and business can influence the growth and development of companies in Sulawesi Selatan. | P2, P4, P5 |
| Economy | <p>The economic growth in Sulawesi Selatan provides opportunities for market development and increased demand for waterproofing and building chemical products.</p> <p>The economic conditions in Makassar and Sulawesi Selatan can affect consumer purchasing power.</p> <p>The influx of new investments supporting the industrial development in Makassar and its surrounding areas provides growth support for companies.</p> | P6, P4, P1 |
| Social | <p>The consumer perception and preferences towards waterproofing and building chemical products can impact the success of our company, including a brand image.</p> <p>The people of Makassar have an obsession with brands and tend to pay attention to brand value.</p> <p>The use of social media and television advertisements by competitors to strengthen their brand presence.</p> <p>Understanding consumer perceptions and preferences towards waterproofing and building chemical products is essential for establishing a strong market presence and building a positive brand image.</p> <p>The people of Makassar have a strong inclination towards branded products and tend to prioritize brand reputation in their purchasing decisions.</p> | P3, P6, P5 |
| Technology | <p>The technological innovations in the waterproofing and building chemical industry can influence our company's development strategies.</p> <p>The continuous technological advancements in the field of waterproofing and building chemical industry drive the need for companies to embrace innovation and adapt their development strategies accordingly.</p> <p>Competitors leveraging social media and television advertisements to enhance their brand identity highlight the importance of incorporating effective marketing strategies and staying updated with the latest technological trends.</p> | P7, P5, P6 |
| Legal | <p>Regulations regarding the use of chemical products and compliance with government regulations can influence the company's operations.</p> <p>Compliance with regulations and adherence to government policies related to chemical product usage is imperative for ensuring smooth operations and avoiding legal repercussions.</p> <p>The legal framework governing the paint and building materials industry has a significant influence on the operational procedures and business practices of companies.</p> | P2, P1 |

| Theme | Representative Quotations | P |
|----------------------|---|--------|
| Environmental | The environmental impact: Environmental regulations and awareness can affect the usage of waterproofing and building chemical products. Environmental considerations and regulations play a pivotal role in determining the usage and acceptance of waterproofing and building chemical products, as sustainability and environmental impact become increasingly important factors for consumers and regulatory bodies. | P2, P3 |

External Analysis

The data provided for analysis is derived from a site visit conducted at a specific location, enabling the collection of relevant information and data. This data serves as the foundation for conducting external analyses using the PESTLE framework and Porter's Five Forces, which provide insights into various factors influencing the performance of the Makassar branch.

In the PESTLE analysis, political factors are considered, including government policies and regulations that shape the business environment. Economic factors reveal the market conditions, such as low top-line growth and barriers to entry for new competitors, impacting the revenue of the Makassar branch. Sociocultural factors highlight the preference for colorful and diversified hues in building facades and walls in Makassar, prompting competitors to develop tinting machines to cater to this demand. Technological factors emphasize the importance of effective marketing strategies and staying abreast of technological advancements. Environmental factors emphasize the growing significance of sustainability and environmental impact in consumer and regulatory decision-making. Legal factors underscore the necessity of compliance with regulations to ensure legal compliance and avoid repercussions.

In Porter's Five Forces analysis, the threat of new entrants is assessed, considering the potential brand switching by consumers due to the entry of second-layer brands. The bargaining power of suppliers is influenced by Avian's vertical integration, which contributes to lower costs and greater control over the supply chain. The bargaining power of buyers is evident in the influence of stores on brand purchases, with successful brand-switching efforts observed. The threat of substitutes is influenced by the quality of building materials and emerging building technologies that may replace conventional models. Competitive rivalry is present with competition from companies like Avian, Nippon, and AM, which have greater financial strength.

By analyzing these external factors, decision-makers can gain a comprehensive understanding of the market, competition, and other relevant aspects affecting the Makassar branch. This knowledge facilitates informed strategic decision-making, formulation of marketing strategies, and addressing potential risks and challenges in the competitive landscape.

Quantitative Analysis

Establishment of Criteria and Sub-Criteria

To effectively connect the internal and external analyses with the Analytic Hierarchy Process (AHP), it is necessary to align the identified factors with the criteria and sub-criteria used in the evaluation. This integration enables a comprehensive assessment of the factors that impact the decision-making process. The establishment of criteria and sub-criteria is a pivotal stage in organizational decision-making. It entails the identification and definition of specific factors that will be utilized to evaluate and compare various alternatives. In this context, the criteria and sub-criteria are structured into four primary domains: Financial, Market Development, Human Resources, and Operations. By mapping the relevant factors to each criterion and sub-criterion, a

holistic evaluation can be conducted, facilitating informed decision-making and effective resource allocation.

Table 3. Establishment of Criteria and Sub-Criteria

| Factor | Elements | Definition |
|------------------------------|-------------------------------|--|
| I Financial | | |
| 1 | Revenue Projection | Projected revenue or income that is expected to be obtained from business operations or activities to be carried out at the Makassar branch or distribution center of the company. These revenue projections may include estimates of expected sales volume or business volume, sales growth rate, average selling price, and projected net profit or profit margin. |
| 2 | Investment Value | Investment value refers to the capital expenditure (CAPEX) incurred by a company in establishing or maintaining the DC facility. CAPEX represents the initial or ongoing financial investment required to acquire, construct, or upgrade physical assets, such as land, buildings, and equipment, that are essential for the operation of the DC. |
| 3 | Operation Expenses | Costs incurred to carry out business operations are sub-criteria that refers to the total costs incurred by the company to carry out daily operational activities in running its business. These costs include production costs, overhead costs, marketing costs, administrative costs, inventory management costs, distribution costs, and other costs associated with running a business. |
| 4 | Financial Risk | Financial risk is a subcriterion that assesses the potential threats to a company's financial stability and profitability. It encompasses various factors that could lead to financial losses and negatively impact the company's overall performance. |
| II Market Development | | |
| 1 | Number of potential customers | Refers to the number of potential customers or prospects that can be served by a company or business within a certain geographic area. This sub-criteria can be measured by collecting data on potential market size, population, population growth rate, demographic profile, and characteristics of buyers, as well as other factors that can affect the number of potential customers. |
| 2 | Market Penetration Ease | The ease of a company or product in entering new markets by attracting consumer interest and winning the competition. |
| 3 | Price control | Price control is a sub-criteria that focuses on the company's efforts to maintain stable product prices and align them with the established business strategy. In a competitive market, the company must set prices that are competitive and not significantly higher or lower than those offered by its competitors. This ensures that the company remains attractive to customers while still generating sufficient revenue. |

| Factor | Elements | Definition |
|----------------------------|--------------------------|--|
| 4 | Brand equity | The process of planning and implementing strategies to build a positive and strong brand image in the minds of consumers. |
| 5 | Customer Relationship | Refers to the factors that affect the interactions and relationships between companies and customers. It involves aspects such as customer satisfaction, customer loyalty, customer interaction, and customer retention. |
| 6 | Competitive agility | The ability of a company or organization to adapt and respond to competitive changes that occur in the market |
| III Human Resources | | |
| 1 | HR Capability | The capabilities and skills possessed by existing human resources (HR) in the company today. |
| 2 | HR Recruitment | Human resources recruitment is a critical process that involves the company's ability to attract and select high-quality candidates for job vacancies. It encompasses various aspects, including the quality of recruits, the speed of the recruitment process, and the alignment between the recruited candidates and the job requirements. |
| 3 | HR Development & Control | HR development and control are crucial aspects of human resources management that pertain to the ongoing growth and monitoring of employees within an organization. |
| 4 | Top Management Support | Active involvement and assistance of the company's senior executives in overseeing, controlling, and making decisions related to the Makassar distribution center (DC). This support plays a crucial role in accelerating the growth and success of the DC. |
| IV Operation | | |
| 1 | Inventory Management | The company's ability to manage inventory or product stock efficiently and effectively to meet customer needs and achieve business goals. Efficiency in inventory management relates to a company's ability to minimize costs and maximize the use of resources in managing inventory, such as ensuring sufficient but not excessive stock availability. |
| 2 | Timely Order Fulfillment | Sub-criteria in evaluating customer service quality that refers to a company's ability to fulfill customer requests or orders quickly and on time. This sub-criteria includes factors such as order processing speed, efficiency in delivery or service provision, timely delivery or provision, and ability to address customer needs or concerns accurately and quickly. |
| 3 | Strategic location | Geographical location factors or places that are considered important to achieve the strategic goals of an organization. Strategic locations can provide competitive advantages for companies, such as easy access to markets or resources, lower transportation costs, and a business-friendly environment. |

| Factor | Elements | Definition |
|--------|--------------------------------|--|
| 4 | Number of Distribution Centers | The number of distribution centers used in the supply chain to distribute products to customers in a certain area, in this context, in South Sulawesi |
| 5 | Access to Information | The company's ability to access internal and external data which includes information about competitors, markets, and other factors that can influence business decisions. |

Defining the Experts for Weighting the Model

Participating in the Analytic Hierarchy Process (AHP) for the decision-making process is key personnel from a variety of organizational positions. These participants play a crucial role in ensuring a thorough evaluation of the alternatives by providing their expertise and insights. In this scenario, the selection of experts could be based on job function and responsibilities, subject matter expertise, relevance to the decision context, and decision-making experience. The following individuals are involved in the AHP procedure for this particular scenario:

Table 4. Participants for AHP

| P | Position | Reason |
|----|------------------------------|--|
| P1 | Director (Commerce) | In charge of overseeing the company's total commercial operations. Their knowledge and experience in the commercial sector make them ideally suited to offer insightful advice on business operations, sales, and marketing strategies. |
| P2 | Director (Finance) | Contributes financial knowledge to the decision-making procedure. Their role is crucial in evaluating the financial ramifications of various options and ensuring that the company's decisions are consistent with its financial goals and objectives. |
| P3 | Advisor | Plays a vital role in providing direct feedback to the President/Director regarding the business overview and influencing the decisions made. Their insights and experience are invaluable to the decision-making procedure. |
| P4 | General Manager - Commerce | Supervises the sales, marketing, and operational aspects of the business. Their expertise in these areas makes them valuable contributors to the decision-making process, especially when evaluating sales strategies and operational efficiency alternatives. |
| P5 | Finance Manager | Plays a crucial role in the decision-making process, especially concerning financial considerations and analysis. Their knowledge of financial management, budgeting, and financial forecasting is invaluable when evaluating the financial implications of various options. |
| P6 | National Sales Manager | Coordinate national sales operations and strategies. They offer valuable insight into the operational and strategic facets of national sales. The National Sales Manager receives reports from the Branch Head (East Indonesia) and plays a crucial role in synthesizing the data and contributing to decision-making. |
| P7 | Branch Head (East Indonesia) | The Branch Head (East Indonesia) and Sales Head (Makassar) have direct influence over sales operations, market intelligence, and knowledge of the Makassar |
| P8 | Sales Head (Makassar) | |

| P | Position | Reason |
|---|----------|---|
| | | region. The Branch Head (East Indonesia) is more concerned with strategic matters, whereas the Sales Head (Makassar) is responsible for activities related to execution. Their expertise and direct knowledge of the local market and operations make them valuable contributors to the decision-making process, especially when evaluating Makassar-specific alternatives. |

Weighting and Rating the Criteria and Sub-Criteria

In the weighting and rating phase of the Analytic Hierarchy Process (AHP), nine respondents with pertinent knowledge and experience in the company and the industry are surveyed using a questionnaire. The AHP-based questionnaire is disseminated to these respondents via a free web application created by Klaus D. Goepel and accessible at www.bpmng.com. Respondents play a vital role in selecting preferred criteria and sub-criteria by undertaking pairwise comparisons to determine their perceived importance in achieving the business strategy's objectives.

Table 5. Weighting and Rating the Criteria and Sub-Criteria Questionnaire

| Level 0 | Level 1 | Level 2 | Global Priorities |
|-------------|--------------------|--------------------------------|-------------------|
| AHP Project | Financial | Revenue Projection | 6,20% |
| | | Investment Value | 6,20% |
| | | Operational Expense | 6,20% |
| | | Financial Risk | 6,20% |
| | Market Development | Number of Potential Customers | 4,20% |
| | | Market Penetration Ease | 4,20% |
| | | Price Control | 4,20% |
| | | Brand Equity | 4,20% |
| | Human Resource | Customer Relationship | 4,20% |
| | | Competitive Agility | 4,20% |
| | | HR Capability | 6,20% |
| | | HR Recruitment | 6,20% |
| | Operation | HR Development and Control | 6,20% |
| | | Top Management Support | 6,20% |
| | | Inventory Management | 5,00% |
| | | Timely Order Fulfillment | 5,00% |
| | | Strategic Location | 5,00% |
| | | Number of Distribution Centers | 5,00% |
| | | Access to Information | 5,00% |
| | | | 100,00% |

The outcome of Pairwise Comparison for Criteria

The pairwise comparison results reveal the relative importance of each criterion in the decision-making process. Market development obtains the highest weight of 0.405, indicating its utmost significance. Focusing on aspects like customer base, market penetration, product portfolio, pricing, brand image, customer relationships, and competitive agility is crucial for strategy success. Human resources follow with a weight of 0.333, emphasizing the importance of HR capability, recruitment, development, control, and top management support. Strengthening the company's human resources is vital for effective strategy implementation. The operation criterion holds a weight of 0.151, highlighting factors such as inventory management, order fulfillment, location, distribution centers, and information access. The financial criterion receives the lowest weight of 0.111, emphasizing revenue projection, investment value, expenses, and risk management.

Although of lesser importance, prudent financial practices are essential for stability. Understanding these weightings assists in resource allocation and strategic formulation aligned with the company's goals.

Table 6. Pairwise comparison of criteria and subcriteria

| Level 0 | Level 1 | Weight | Level 2 | Weight | Global Priorities |
|-------------|--------------------|--------|--------------------------------|--------|-------------------|
| AHP Project | Financial | 0,111 | Revenue Projection | 0,412 | 4,60% |
| | | | Investment Value | 0,263 | 2,90% |
| | | | Operational Expense | 0,172 | 1,90% |
| | | | Financial Risk | 0,153 | 1,70% |
| | Market Development | 0,405 | Number of Potential Customers | 0,230 | 9,30% |
| | | | Market Penetration Ease | 0,176 | 7,10% |
| | | | Price Control | 0,142 | 5,70% |
| | | | Brand Equity | 0,211 | 8,50% |
| | | | Customer Relationship | 0,181 | 7,30% |
| | | | Competitive Agility | 0,06 | 2,40% |
| AHP Project | Human Resource | 0,333 | HR Capability | 0,263 | 8,80% |
| | | | HR Recruitment | 0,182 | 6,10% |
| | | | HR Development and Control | 0,387 | 12,90% |
| | | | Top Management Support | 0,167 | 5,60% |
| | Operation | 0,151 | Inventory Management | 0,38 | 5,70% |
| | | | Timely Order Fulfillment | 0,246 | 3,70% |
| | | | Strategic Location | 0,174 | 2,60% |
| | | | Number of Distribution Centers | 0,083 | 1,30% |
| | | | Access to Information | 0,117 | 1,80% |
| | | | | | 100,00% |

- The subcriteria of financial, including revenue, return on investment, operational expense, and financial risk, are crucial in the decision-making process for DC Makassar. The high weight assigned to revenue (41.2%) indicates its significance in driving the company's financial performance and growth. Financial risk (15.3%) is also important and requires effective management. Addressing potential financial risks and maintaining stability is crucial for the sustainability of the business.
- The subcriteria of market development, including the number of potential customers, brand equity, customer relationship, market penetration ease, price control, and competitive agility, shape DC Makassar's business strategy. The weight assigned to the number of potential customers (23%) highlights its significance in identifying market opportunities and growth potential. Brand equity (21.1%) and customer relationship (18.1%) are also important for establishing a strong market presence and customer loyalty.
- The subcriteria of human resources, including HR control & development, existing HR capability, HR recruitment, and top management support, play a vital role in DC Makassar's workforce management. HR control & development (38.7%) is crucial for effective HR practices and employee development. Existing HR capability (26.3%) and HR recruitment (18.2%) are also important for maximizing employee potential and attracting qualified candidates.
- The subcriteria of operation, including inventory management, timely order fulfillment, strategic location, access to information, and the number of distribution centers, impact the operational efficiency of DC Makassar. Inventory management (38%) is crucial for meeting

customer demands and reducing costs. Timely order fulfillment (24.6%) and strategic location (17.4%) also play a significant role in customer satisfaction and optimizing logistics.

Understanding the importance of these subcriteria and addressing the specific conditions of DC Makassar will enable decision-makers to develop targeted strategies and allocate resources effectively, leading to the company's success in the Makassar market.

The outcome of Pairwise Comparison Sub-Criteria with Alternative

Table 7. Pairwise comparison of criteria and subcriteria

| Level 0 | Level 1 | Weight | Level 2 | Weight | Global Priorities | Full 3 rd Party Distributor | Stand Still | Develop Makassar Branch with Investment |
|--------------------|---------|-------------------------------|---------|--------|-------------------|--|-------------|---|
| Financial | 0,111 | Revenue Projection | 0,412 | 4,60% | 0,077 | 0,231 | 0,692 | |
| | | Investment Value | 0,263 | 2,90% | 0,715 | 0,187 | 0,098 | |
| | | Operational Expense | 0,172 | 1,90% | 0,727 | 0,091 | 0,182 | |
| | | Financial Risk | 0,153 | 1,70% | 0,681 | 0,25 | 0,069 | |
| Market Development | 0,405 | Number of Potential Customers | 0,23 | 9,30% | 0,691 | 0,091 | 0,218 | |
| | | Market Penetration Ease | 0,176 | 7,10% | 0,692 | 0,077 | 0,231 | |
| | | Price Control | 0,142 | 5,70% | 0,084 | 0,444 | 0,471 | |
| | | Brand Equity | 0,211 | 8,50% | 0,077 | 0,231 | 0,692 | |
| AHP Project | 0,333 | Customer Relationship | 0,181 | 7,30% | 0,092 | 0,423 | 0,484 | |
| | | Competitive Agility | 0,06 | 2,40% | 0,101 | 0,226 | 0,674 | |
| | | HR Capability | 0,263 | 8,80% | 0,323 | 0,089 | 0,588 | |
| | | HR Recruitment | 0,182 | 6,10% | 0,167 | 0,167 | 0,6667 | |
| Human Resource | 0,333 | HR Development and Control | 0,387 | 12,90% | 0,222 | 0,111 | 0,667 | |
| | | Top Management | 0,167 | 5,60% | 0,155 | 0,135 | 0,71 | |
| | | Support | | | | | | |
| Operation | 0,151 | Inventory Management | 0,38 | 5,70% | 0,701 | 0,106 | 0,193 | |

| Level 0 | Level 1 | Weight | Level 2 | Weight | Global Priorities | Full 3 rd Party Distributor | Stand Still | Develop Makassar Branch with Investment |
|---------|--------------------------------|--------|---------|--------|-------------------|--|-------------|---|
| Revenue | | | | | | | | |
| | Timely Order Fulfillment | 0,246 | 3,70% | 0,702 | 0,452 | 0,476 | | |
| | Strategic Location | 0,174 | 2,60% | 0,6 | 0,2 | 0,2 | | |
| | Number of Distribution Centers | 0,083 | 1,30% | 0,714 | 0,143 | 0,143 | | |
| | Access to Information | 0,117 | 1,80% | 0,067 | 0,467 | 0,467 | | |
| | | | | 32,20% | 19,50 % | 48,20% | | |

The analysis of the advantages and disadvantages of each alternative provides valuable insights into their potential benefits and drawbacks. The "Develop Makassar Branch with Investment" alternative offers advantages in terms of revenue projection, brand equity, and competitive agility. However, it also has disadvantages related to operational expenses, financial risk, and investment value. On the other hand, the "Full 3rd Party Distributor" alternative provides advantages such as reduced operational expenses, better investment value, and efficient inventory management. However, it comes with disadvantages like potential revenue reduction, diminished brand equity, and challenges in timely order fulfillment. The "Stand Still" alternative has advantages in terms of access to information, strategic location, and price control. However, it may face disadvantages related to limited market penetration, hindered HR development and control, and challenges in inventory management.

In conclusion, it is crucial for the company to carefully consider these factors and conduct further evaluation to make an informed decision on the most suitable alternative for the development of DC Makassar. Each alternative has its own set of advantages and disadvantages, and the company needs to weigh them against its goals, resources, and long-term plans. By considering these factors, the company can make a well-rounded decision that aligns with its overall strategy and maximizes its chances of success.

CONCLUSIONS

In conclusion, the research sought to identify potential alternative strategies for market development in South Sulawesi and assess their viability and efficacy in attaining DC Makassar's growth objectives. The alternatives were classified as Full Third-Party Distributor, Stand Still, and Develop Makassar Branch through Investment. Investing in the expansion of the Makassar branch was designated as the most favorable option. The selected business solution highlights the importance of investing in the DC Makassar branch as the optimal option. The investment is predicated on three crucial priorities that will determine DC Makassar's success: HR development and management, increasing the number of potential consumers, and enhancing brand equity. Despite the existence of potential disadvantages, preventative measures, and contingency plans will be implemented to mitigate risks and guarantee a positive outcome. The research implications

indicate that DC Makassar should allocate resources and focus on developing its human resources, attracting more potential customers, and strengthening its brand presence to achieve market growth and financial stability. By implementing the recommended strategies, DC Makassar can position itself for success in the competitive South Sulawesi market. The findings from this research have broader implications for other companies operating in similar contexts, as they provide insights into effective market development strategies. Moreover, the research highlights the importance of careful evaluation, strategic decision-making, and risk mitigation in driving business growth and success.

LIMITATIONS & FURTHER RESEARCH

The potential lack of data is one of the limitations of this investigation. The research findings are contingent on the availability of pertinent and accurate data, which may have been limited or subject to certain restrictions. This could affect the depth and breadth of the analysis and the recommendations that follow. In addition, the study is limited to DC Makassar and may not reflect the complexities and variations of other markets or regions. Additional research and data collection initiatives could assist in overcoming these limitations and providing a deeper understanding of market development strategies.

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