

## ABSTRACT

*PT XYZ is one of the manufacturing companies producing milk. The dairy industry is currently highly competitive, both in terms of the produced products and substitute products available in the market. PT XYZ has adequate production capacity, but the products produced are not satisfying enough despite competitive pricing. This has led to PT XYZ frequently missing its monthly sales and revenue targets. PT XYZ needs to formulate the right strategic approach to compete effectively with similar companies in the struggling dairy industry.*

*The purpose of this research is to understand the internal and external environmental conditions of PT XYZ. Additionally, it is necessary to formulate alternative strategies that are suitable for the company, which is engaged in business and faces competitors. After identifying the most appropriate alternative strategies, the next step is to formulate a blue ocean strategy using the four-step framework so that PT XYZ is better prepared to implement the selected strategy.*

*The method used in this research is a qualitative method with a case study approach. The data sources are primary data collected through interviews, questionnaires, and observations. At the same time, secondary data were obtained from company literature, books, magazines, and internal records. The sampling in this study used purposive sampling of eight sources, and the validity of the data was ensured through source triangulation. The data analysis methods used in this research include the IFE Matrix, EFE Matrix, IE Matrix, SWOT Matrix, and QSPM Matrix, based on the analysis of the internal and external environment of PT XYZ. After obtaining appropriate strategy alternatives, the research continues with the preparation of strategy implementation, analyzed using the four-step framework of the blue ocean strategy.*

*The results of this research show an IFE matrix score of 2.607 and an EFE matrix score of 3.435, placing PT XYZ in quadrant II of the SWOT diagram. From the SWOT matrix results, the company has 11 alternative strategies, including 4 SO strategies, 2 ST strategies, 3 WO strategies, and 2 WT strategies. The top-priority alternative strategy based on the QSPM matrix evaluation is product innovation.*

*The recommended strategy for PT XYZ to face competition is to engage in product innovation. By creating new dairy products with added value or new variants, PT XYZ can distinguish itself in the milk market. These innovative products can attract consumers looking for variety or additional benefits from dairy products. Through these innovative products, PT XYZ can increase sales and expand its market presence.*

**Key Words:** IFE, EFE, IE, SWOT, QSPM, *Blue Ocean Strategy*