

Blue Ocean Strategy Analysis PT. Kalbe Farma Tbk

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ABSTRACT

This study case to analyse the blue ocean strategy of PT. Kalbe Farma Tbk. PT Kalbe Farma Tbk. is one of the international companies engaged in manufacturing pharmaceuticals, supplements, nutrition, and health services with the motto The Scientific Pursuit of Health for a Better Life. Kalbe uses an innovative strategy done with market penetration, market development, and existing product development. Market penetration is carried out through many collaborations with companies or local distribution in each country through the subsidiary Kalbe International Pte. It is hoped that with the development of the market, Kalbe can achieve its growth targets in terms of sales as well as profit. As for product development, Kalbe developed a program called Health and Happiness, or a program for happy living, and the program produced the H2 Cordyceps Militaris product, which is a supplement that increases immunity.

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1. INTRODUCTION

PT Kalbe Farma Tbk, is one of the international companies engaged in producing pharmaceuticals, supplements, nutrition and health services with the motto The Scientific Pursuit of Health for a Better Life. PT Kalbe Farma Tbk, has Kalbe Group where each group has the responsibility to handle prescription drug products, over-the-counter drugs, energy drinks and nutrition equipped with the strength of the packaging and distribution business that reaches more than one million outlets throughout the Indonesian archipelago. The company has grown and transformed into an integrated health solution provider through its 4 business division groups, namely, the prescription drug division contributed 23%, the health products division contributed 18%, the nutrition division contributed 29%, and the distribution and logistics division contributed 30%.

Kalbe's superior products include prescription drugs (Brainact, Broadced, Cefspan, Cernevit, CPG, Cravit, Hemapo, Mycoral, Neuralgin RX and Neurotam); health products (Cerebrofort Gold, Cerebrofort Marine Gummy, Cerebrovit, Entrostop, Extra Joss, Fatigon, H2 Health & Happiness, Hydro Coco, Kalpanax, Komix Herbal, Komix Kid, Komix OBH, Love Juice, Mixagrip, Procold, Promag, Promag Herbal, Sakatonik ABC, Sakatonik Liver, Woods and Xonce); nutritional products ranging from infants to old age, as well as consumers with special needs (Morinaga, Diabetasol, Diva Beauty Drink, Entrasol, Fitbar, Milna, Nutrive Benecol, Prenagen, Slim & Fit, and Zee); and eye care products (Navitae and Visionlux Plus, RG choline caplets and RG choline syrups, Latipress, Nutrieye, Blephasep and Nabilef Wipes).

Based on the Company's Articles of Association, KLBF's scope of activities includes, business in pharmaceutical, trade and representation. Currently, KLBF is mainly engaged in the

development, manufacture and trade of pharmaceutical preparations including drugs for humans and health consumption products. Kalbe's digital platforms in the business-to-business sector are EMOS, MOSTRANS, and MOSPAY which have served around 150 principals and distributors, more than 18,000 outlets, and hospitals and almost 40 transportation companies throughout the archipelago, and as the largest digital supply chain ecosystem in the health sector in Indonesia. (Tahunan & Report, 2022)

In carrying out its activities, Kalbe uses intensive strategies carried out by market penetration, market development, and existing product development. Market penetration is carried out to collaborate with many companies or local distribution in each country through Kalbe International Pte's subsidiaries. Ltd. (Kalbe International) which signed a Joint Venture with Ecosential Food Corp (a distributor of consumer goods in the Philippines) where this Joint Venture will focus on marketing Kalbe's non-prescription drug products for the Philippine market. For market development by Kalbe is also carried out in Myanmar, such as Mixagrib factories and products in the country have become market leaders, besides that Kalbe is also exploring Middle East markets such as South Africa, Nigeria, and West Africa where it has a superior product, namely Hydro Coco which has entered through different offices in Dubai. It is hoped that with market development, Kalbe can achieve growth targets in terms of sales and profits. As for product development, Kalbe developed a program called Health and Happiness or a program for happy living and the program produced H2 Cordyceps Militaris products, which are supplements that increase immunity.

2. RESEARCH METHOD

Research Object

The research object of this research is PT. Kalbe Farma Tbk, Kalbe continues to develop its products with innovation, besides that Kalbe also conducts research and development (R&D) activities Kalbe supports the development of various products for businesses in the field of prescription drugs, over-the-counter drugs and health and nutrition products.

Data Collection

This study case collected data by secondary data. Secondary data is data originating from other sources such as the result of previous research, journal, annual report, website, and financial reports which are used to obtain and explore theories that can support problem solving in research.

Data Analysis Techniques

After the required data is obtained, the next step is to analyse it with a strategic management theory and blue ocean strategy model that is appropriate to the method used. Then carry out data processing, then analyze the results in the form of conclusions from the research carried out.

3. RESULTS AND DISCUSSIONS

External Audit

PEST Analysis

This analysis includes analysis of political, economic, social and technological factors. The purpose of this analysis is to identify external factors that could influence PT. Kalbe Farma Tbk in the present and future. In terms of content, this analysis formulates the opportunities and threats that arise due to these four factors as material for workers to have a good perspective when conducting market research, creating marketing strategies, developing products, and making better decisions in the interests of the company.

Political Factors

1. UMR policy which will later affect the productivity that will be produced by Kalbe Employees to the company.
2. There is a decrease in the tax rate by 5% from the highest rate of income tax which has an impact on the increasing amount of Kalbe's profit.
3. Russia-Ukraine tensions are affecting Kalbe's global supply chain.

Economic Factor

1. The existence of the Covid-19 vaccination program from the Government has benefited Kalbe over the estimated commercialization of vaccines, thereby increasing financial performance growth.
2. The threat of a Global Crisis has an impact on increasing *supply chain* costs, thus affecting the company's operational expenses.
3. Inflationary pressure which results can suppress people's purchasing power for products owned by Kalbe.
4. The weak Rupiah Exchange Rate caused Kalbe's raw material import costs to be higher.

Social Factors

1. Kalbe's Covid-19 Global Pandemic encourages people to change by living a healthy life.
2. The implementation of emergency PPKM has an impact on slowing down the recovery of people's purchasing power

Technology Factors

1. The implementation of Corporate CRM that is able to provide information to the public about products to solutions.
2. Using LAMP technology-based services for simple, inexpensive, and convenient saliva-based Covid-19 diagnostic testing.
3. Adopting digital technology in Indonesia so that Kalbe and Klikdokter's integrated health platforms.

Porter's 5 Forces Model**of Competition among competing firms**

In today's open market era, competition in the pharmaceutical and other health product sectors will be tighter with many local and international manufacturers. The competition arises in various aspects, including access to resources and operational capabilities of more reliable international competitors, as well as product innovation, marketing and promotion. All business units need to pay attention to changes in technology, changes in market demand and consumer behavior or taste, people's purchasing power and the Company's readiness to face unhealthy business competition.

This risk management is carried out, among others, by establishing a monitoring system to increase sensitivity to market changes and adaptability, as well as capturing opportunities available through an innovation culture and mindset. In addition, Kalbe also constantly reviews and updates its business model and harmonizes internal systems and processes, in order to provide more value from the products and services offered by Kalbe compared to other similar companies.

Kalbe follows the latest changes in conditions, and proactively promotes a positive image to be able to build strategic alliances, including with parties that have the competitive advantage needed to be able to increase competitiveness.

Potential entry of new competitors

In carrying out its operational activities, the Company faces various types of legal regulations and related regulatory changes as well as rules made in agreements with third parties that bind the Company, which may pose legal risks or other legal consequences. Anticipating the process of regulatory changes related to the health industry and macroeconomic conditions can provide opportunities for the Company to continue to grow.

The process of registering marks and products, including the acquisition of patents, and other intellectual property is a legal obligation that must be carried out continuously to avoid claims or recognition from outside parties that can occur in the future. Binding agreements with third parties can have legal consequences, so in the process of making and ratifying them must be legally examined to harmonize rights and obligations. In addition, export activities or overseas expansion need to be considered by studying and understanding the regulations that apply in each country.

This risk management is carried out, among others, by ensuring the implementation of the Company's policies and regulations as well as the *whistleblowing system*. Kalbe needs to continue to monitor regulatory changes properly to anticipate opportunities or impacts of a risk, avoid lawsuits from other parties, and comply with other applicable laws and regulations. The Company also continues to improve resource competence and readiness in terms of legality, both in facing or filing

claims from/to third parties, as well as ensuring the implementation of the ratification process and *due diligence* to mitigate the risk of lawsuits in the future.

Potential to develop replacement products

In this industry, the threat of substitute products is relatively low, because the Company always maintains and improves product quality, which includes all the results of the Company's business processes by improving a risk-based mindset and implementing a quality management system, starting from the research and development stage, monitoring and handling complaints while the product is on the market, until the product expiration period, including maintaining vigilance against product counterfeiting which has always been one of the The Company's main focus is to increase the level of consumer confidence in Kalbe's products. The Company also improves the quality of services provided through human resource development.

Supplier bid power

Indonesia's pharmaceutical industry still has a very high dependence on suppliers. Indonesia still imports 90 percent of raw materials for medicines from abroad. The same thing also happened to PT Kalbe Farma Tbk. Kalbe Farma still relies on suppliers from abroad for raw materials for its medicine production. Almost all production raw materials are obtained through imports.

The high import figure indicates that Kalbe's supplier bargaining power is quite high. Imports of raw materials for the production of medicines are strongly influenced by the rupiah exchange rate against the currency of the supplier country. This makes Kalbe have to continue to monitor foreign currencies intensively and provide a lot of import costs.

Consumer bargaining power

Kalbe produces a variety of products offered to the public ranging from prescription drugs, health products, nutrition, to services where each product has its own bargaining power for consumers. Some Kalbe products have been able to reach international markets such as extra joss, health milk, and diabetasol where Kalbe products are no less competitive because the majority of Kalbe products are still available at affordable prices for the community. Kalbe's competitors such as Kimia Farma also produce similar products. But it can be concluded that consumers from Kalbe still have quite high bargaining power because the company has many competitors in similar industries.

Industry Analysis

As one of the companies and SOEs in which can be said to be the market leader in the pharmaceutical industry, PT. Kalbe Farma has certainly developed the right steps and strategies, considering that so many challenges will certainly come in the future and also considering that many other companies in the pharmaceutical industry are also intensively developing their products, especially during the Covid 19 pandemic like today. Such as doing efficiency and cost minimization considering that Kalbe not only sells generic drugs and drugs from prescriptions, but also nutritional drugs and OTC (*over the counter*) drugs.

EFE Matrix

Key External Factors		Weight	Rating	Weight Score
Opportunities				
1	Get a proud award	0.07	2	0.14
2	Indonesia's population continues to increase until the estimated year 2025	0.08	3	0.24
3	Progress of the government's vaccination program	0.18	4	0.72
4	Increasing demand for Covid 19-related and generic products without brands	0.15	4	0.6
5	Government policy supports exports	0.09	3	0.27

Threats				
1	Fluctuations in the rupiah exchange rate	0.15	4	0.6
2	Recession issues that will affect economic stability	0.1	3	0.3
3	Legal systems have not been able to tackle counterfeit drugs effectively	0.09	3	0.27
4	Rising competitors in global business	0.09	4	0.36
	TOTAL	1		3.5

Based on the calculation results obtained is 3.5 and is also above the average of 2.5. So through this analysis, it can be said that Kalbe is doing its business well and taking advantage of opportunities. But even though quantitatively Kalbe's total value is above average, Kalbe still needs to focus on the threats that occur around him.

Internal Audit

Porter's Value Chain

Primary Activities

Inbound Logistics:

Activities that include receiving, storing raw materials, to distributing. It is known that kalbe also implements integrated Supply Chain Management using Oracle ERP to minimize Lead Time to product availability needs. In addition, Kalbe also supplies raw materials one year before to minimize scarcity, especially in the Covid-19 era

Operation

Activities in the form of operational activities from Kalbe are penetrating business to international reach in Asean and Nigeria, in addition to evaluating Kalbe's existing processes and procedures that are integrated into operations and corporate culture to improve performance and obtain innovation to be able to develop innovative market research.

Outgoing Logistics

Kalbe through its subsidiaries manages the distribution of finished goods through RDC, namely Surabaya and Jakarta which utilizes Oracle Warehouse Management System to improve branch warehouse facilities and RDC delivery frequency in several branch offices.

Marketing

Kalbe's marketing activities include identifying consumer needs and generating sales. This includes: conducting an integrated marketing strategy through the Corporate Marketing Office Unit to consolidate and integrate marketing activity efforts in order to achieve economies of scale and efficiency of advertising spending. Kalbe also improves the performance of its sales force through training and *sharing* forums called *Experiential Marketing Forum*. Kalbe's sales force consists of 2300 personnel (*medical representatives*) for OTC and prescription drugs that are able to reach 100% of hospitals & pharmacies in Indonesia. As well as 1000 more for the nutrition division which reaches 150,000 outlets.

Service

This activity includes *support* after the product is sold to the customer. By Kalbe, this is added with customer relationship management activities through CRM (*Customer Relationship Management*). The use of an integrated CRM platform allows Kalbe to maintain customer loyalty, attract new customers, and make cross-selling efforts on other products that may be needed (especially nutritional products) according to customer data preferences. Kalbe's CRM includes Kalbe Customer Care (customer service center), Kalbe Home delivery (delivery service), Kalbe e-store (online shopping site: web & *apps* on mobile phones), and Kalbe Family Reward Card that can build customer loyalty "and increase customer switching costs".

Support Activities

Purchase: Kalbe's purchasing activities include purchasing raw materials, medical equipment, and diagnostics. Kalbe transformed into a comprehensive healthcare provider company to maintain the supply chain of raw materials & medical equipment to be on time and of good quality. The use of this system will be binding between suppliers and companies.

Technology Development: Kalbe recognizes the role of IT in developing internal operations, monitoring business operations, and supporting management decision-making processes. Through the Company's Corporate IT unit, Kalbe also utilizes training for Virtual Reality-based skill development and the development of *fat emulsion for infusion*, *lyophilized-multivitamin for injection* and *transdermal cream* technology has obtained a distribution permit number for product commercialization. In the future, mastery of these three technology platforms will provide significant added value for the Company.

HR Management: Kalbe always places excellence in the field of human resource management (HRM) as one of the important strategies to ensure the achievement of positive performance on an ongoing basis. HR development is not only the responsibility of the HR Division (including integrated selection & recruitment), but managers who implement the culture of "Leader create Leaders" and Kalbe also implements the KMMP program which is an HR development program that builds multifunctional and holistic thinking capacity.

Corporate Infrastructure: Kalbe uses an integrated control system in 4 business divisional units to manage the value chain from upstream to downstream to minimize costs and improve efficiency. This includes manufacturing, logistics & distribution, marketing, and *customer service*.

IFE Matrix

Key External Factors		Weight	Rating	Weight Score
Strenghts				
1	Kalbe is the Market Leader of health products and medicines in Indonesia	0.09	4	0.36
2	Kalbe has the most extensive distribution network in Indonesia	0.09	4	0.36
3	Has a digital platform "oneonco.co.id" for access facilities to the oncology care ecosystem and special vaccination services for cancer patients	0.08	3	0.24
4	Klikdokter becomes the leading telemedicine platform in Indonesia	0.07	3	0.21
5	Net sales of the health products division in 2021 grew by 7.1% from 6.6%	0.08	4	0.32
6	Have a belief system and linkages in HR	0.07	3	0.21
7	It is the largest pharmaceutical company in Southeast Asia	0.09	4	0.36
8	Joint Venture with the Philippines	0.08	3	0.24
9	Kalbe products are Leading Branding	0.09	4	0.36
Weakness				
1	High dependence on imported raw materials	0.1	4	0.4
2	Kalbe shares are threatened from the risk of recession and inflation	0.09	4	0.36
3	Lack of focus in the pharmaceutical industry	0.07	3	0.21
TOTAL		1		3.63

Based on the calculation results, a value of 3.63 was obtained and was also above the average of 2.5. This could mean Kalbe has strong internal factors.

CPM Matrix

Critical Success Factors	Weight	KALBE		KIMIA FARMA		INDOFARMA	
		Rating	Score	Rating	Score	Rating	Score
Growth	0,08	3	0,8	3	0,6	3	0,4
Price competitive	0,09	3	0,35	3	0,3	3	0,25
Market Share	0,18	4	0,55	4	0,45	4	0,25
Cust. Loyalty	0,09	3	0,35	3	0,35	2	0,2
Product quality	0,09	3	0,45	4	0,45	2	0,35
Financial position	0,18	4	0,75	4	0,65	4	0,45
Profitability	0,19	4	0,8	4	0,7	4	0,5
Technology	0,1	3	0,4	3	0,4	2	0,2
TOTALS	1		4,45		3,9		2,6

Based on this matrix, Kalbe has a higher total than its 2 competitors, namely Kimia Farma and Indo Farma. It can be said that Kimia Farma is Kalbe's biggest competitor, so Kalbe continues to develop its competitive advantage.

Key Success Factor

1. In the financial sector, sustainable growth is carried out and optimizes excellent company value.
2. In the field of customers, international business expansion, and complete solutions offline and online.
3. In the field of internal business processes, innovation is carried out through collaboration, comprehensive operational management, and digitalization.
4. In the field of learning and growth, leadership development, information and knowledge management, and strengthening internal cooperation are carried out.

Canvas Strategy Blue Ocean

Following the "market oriented, customer-centric" business concept, Kalbe has identified new market opportunities and created innovative products or services that meet unmet needs to reach untapped customer segments, create new business models, or find ways to reduce costs while providing unique value. For strategists, some of the most important questions are how can companies break away from red ocean competition by making competition irrelevant? How does the company open up and capture Blue Ocean from a market space that has no competitors yet? To address these questions, this chapter will discuss the strategy canvas, an analytical framework essential to value innovation and the creation of a blue ocean, and several other analytical tools.

Strategy Canvas Blue Ocean (Existing)

Strategy canvas is a framework for action as well as a diagnosis to build a good blue ocean strategy. Figure 6.1 summarizes all information in graphical form. The horizontal axis (X-axis) represents the factors that the industry is competing and investing in. The vertical axis (Y axis) is a company that provides more offers to consumers, as well as indicating that the company is investing more in these factors. In the case of the pharmaceutical industry has several main factors, namely:

1. (R&D), Growth in the pharmaceutical industry such as increased demand for drugs, increased health awareness driving demand for drugs such as infectious diseases, and research and innovation
2. Price competition, some things that can affect prices in the pharmaceutical industry such as research and development costs that are considered very expensive then affect the sales price of drugs on the market for their return on investment.
3. Market Share competition is like having a popular, effective, and recognized professional health product. The market share of the pharmaceutical industry is measured based on product sales or company revenue, even geographical areas, and market segments.
4. Customer loyalty can be the key to success for companies in maintaining market share and growth of their business.

5. Product quality such as evaluating the steps taken to prevent counterfeit or knockoff products from entering the market. Integrity can be measured by ensuring that the products sold are genuine and conform to established quality standards.
6. Financial position measurement can be made through the company's total revenue after deducting all costs and expenses, including production, research and development, marketing, administration, and tax costs. Net income reflects the level of profit generated by the company.
7. Profitability, some commonly used measurement of profitability in the pharmaceutical industry, namely Gross Profit Margin is used to measure the difference between a company's total revenue and the direct costs associated with drug production, divided by total revenue and multiplied by 100. Gross profit margin reflects the profitability level of the company's core operations and the efficiency of production costs.
8. Technology, The pharmaceutical industry has adopted various advanced technologies that help in various aspects of production, research, development, testing, distribution, and data management to improve the efficiency of production, packaging, and distribution processes.

The above factors are important elements in promoting pharmaceutical products as brand awareness winners .

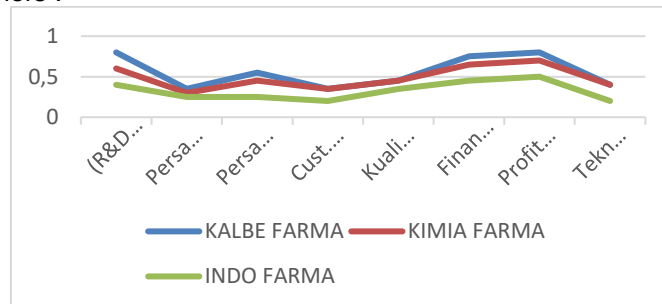


Figure 1. *Pharmaceutical Industry Strategy Canvas* for the 2022 Period

The Four Action Framework

To reconstruct these elements into a new value curve, researchers have developed *The Four Action Framework*. In order to create a new value curve, there are four key questions for creating the logic of an industry's strategy and business model:

Eliminate: Within this framework, consider the elimination of factors that have long been competitive for companies in the Pharmaceutical Industry in 2023. These factors have no value and may even reduce the value. Factors that must be removed from existing factors are price competition. Some people will prefer drugs that are relatively cheap such as those sold in grocery stores but do not understand the effects they will experience. By reducing the factor of price competition which is relatively high, when the pharmaceutical industry is more economical in the price of its products with guaranteed quality, it will be easier for people to obtain these products.

Reduce: In the pharmaceutical industry, there are efficiency gains and economies of scale that can be achieved through corporate consolidation and integration. By reducing excessive market share competition, pharmaceutical companies can achieve operational efficiencies, reduce production costs, and improve their ability to provide medicines at affordable prices. With market share competition that is too high, there is a possibility that companies will sacrifice quality or carry out dubious business practices to maintain market share or win price competition. By reducing market share competition, better scrutiny can be made of unethical business practices or product quality degradation even companies tend to focus on price competition and look for ways to make bigger profits in a short period of time. This can hinder long-term investment in innovation and research needed for the development of new products that are more effective and safer for patients.

Raise: Within this framework, R&D needs to be improved. The existence of innovations and new discoveries can add to the growth of the pharmaceutical industry such as the discovery and development of new drugs. By boosting growth, pharmaceutical companies can continue to invest in research and development, expand knowledge about diseases, and find new solutions to unmet

health problems. Growth in the pharmaceutical industry can create new job opportunities, increase investment, and generate broader economic activity, in addition Growth in the pharmaceutical industry can create new job opportunities, increase investment, and generate broader economic activity.

Create: Within this framework, there is a need for marketing and promotion to gain industry partnerships. Effective marketing is a key element to promote pharmaceutical products with the use of appropriate marketing strategies, including advertising, medical promotion, health awareness campaigns, and digital presence, will help reach the target audience more effectively, in addition the pharmaceutical industry will often cooperate with research institutions, hospitals, and other health organizations to develop products, conduct clinical trials, and improve access to patients.

The Eliminate-Reduce-Raise-Create Grid

The third important tool for creating a blue ocean strategy is The Eliminate-Reduce-Raise-Create Grid which is a complementary analysis tool to The Four Action Framework. This scheme is not only used to encourage companies to ask the four questions in the section above, but also to act on those four questions to create a new value curve. Here is *The Eliminate-Reduce-Raise-Create Grid* Kalbe Farma:

With the scheme as above, this scheme provides several main benefits to Kalbe Farma, namely:

1. Encouraging PT. Kalbe Farma to be different from other pharmaceutical industries.
2. Being the only pharmaceutical industry that can be relied on by the people of Indonesia.
3. Encouraging PT. Kalbe Farma to analyze every factor that exists so that it is superior to its competitors.

The Six Paths Framework

The main principle of blue ocean strategy is to reconstruct market boundaries to move away from competition and create a blue ocean. Here are six approaches from The Six Paths Framework at PT. Kalbe Farma :

Look across alternative industrie

<i>Eliminate</i>	<i>Raise</i>
Price competition	R&D
	Product innovation
	Drug development
<i>Reduce</i>	<i>Create</i>
Reduce market share competition	Strategi branding
Reduce production costs	Industry partnerships
	Medical promotion
	Digital meek in the pharmaceutical industry
	Health awareness campaigns

Alternative industries include products and services that have different functions and forms, but have the same purpose. PT. Kalbe Farma is one of the international companies engaged in producing pharmaceuticals, supplements, nutrition and health services with the motto The Scientific Pursuit of Health for a Better Life. PT Kalbe Farma Tbk, has Kalbe Group where each group has the responsibility to handle prescription drug products, over-the-counter drugs, energy drinks and nutrition equipped with the strength of the packaging and distribution business that reaches more than one million outlets throughout the Indonesian archipelago. The company has grown and transformed into an integrated health solution provider through its 4 business division groups, namely, the prescription drug division contributed 23%, the health products division contributed 18%, the nutrition division contributed 29%, and the distribution and logistics division contributed 30%.

The community cannot be separated from the pharmaceutical industry because the pharmaceutical industry has a very important role in maintaining and improving public health. Some of the reasons why people cannot be separated from the pharmaceutical industry are because the pharmaceutical industry produces and provides various types of drugs used to treat and prevent diseases. People need these medicines to address their medical conditions and improve quality of life. In addition, the pharmaceutical industry also plays an important role in the development, production, and distribution of vaccines and immunization programs. Vaccination is an effective way to prevent infectious diseases and protect overall public health to provide information about medicines, diseases, and how they are used to the public. It helps people understand and take informed decisions related to their health.

Look across strategic groups within industries

Blue ocean strategy can be formed by looking at strategic groups that refer to a group of companies in an industry that pursue the same strategy. Most companies are more focused on improving their competitive position within strategic groups. A strategic group is a group of industry competitors that have a similar strategic competitive approach and market position, the same products and services. In this case, included in the strategic group are other pharmaceutical industries. For the best positions in the pharmaceutical industry are Kalbe Farma, Kimia Farma, Indo Farma, Sanbe Farma, Dexa Farma, and others. The selection in this strategic group is based on the products and services provided by the pharmaceutical industry and one of the best pharmaceutical industries is PT. Kalbe Farma.

Kalbe's superior products include prescription drugs (Brainact, Broadced, Cefspan, Cernevit, CPG, Cravit, Hemapo, Mycoral, Neuralgin RX and Neurotam); health products (Cerebrofort Gold, Cerebrofort Marine Gummy, Cerebrovit, Entrostop, Extra Joss, Fatigon, H2 Health & Happiness, Hydro Coco, Kalpanax, Komix Herbal, Komix Kid, Komix OBH, Love Juice, Mixagrip, Procold, Promag, Promag Herbal, Sakatonik ABC, Sakatonik Liver, Woods and Xonce); nutritional products ranging from infants to old age, as well as consumers with special needs (Morinaga, Diabetasol, Diva Beauty Drink, Entrasol, Fitbar, Milna, Nutrive Benecol, Prenagen, Slim & Fit, and Zee); and eye care products (Navitae and Visionlux Plus, RG choline caplets and RG choline syrups, Latipress, Nutrieye, Blephasep and Naviblef Wipes. By presenting advantages like this, it can make people prefer PT. Kalbe Farma as the pharmaceutical industry of choice. Therefore, PT. Kalbe Farma can get a *blue ocean strategy* by providing products and services that are in accordance with the needs of the community so that they can be known in existing and new markets.

Look across the chain of buyers

In most industries, competitors can converge around a common definition of who the target buyers are. But in reality, there is a chain of buyers who are directly or indirectly involved in the purchase decision. The buyer who pays for the product or service, may differ from the actual user and in some cases can exert an important influence. By looking across groups of buyers, companies can gain new insights into how to redesign the value curve to focus on previously neglected sets of buyers. If viewed in the buyer chain, those included in the buyer chain of PT. Kalbe Farma is:

1. Hospitals: PT Kalbe Farma establishes relationships with various hospitals in Indonesia, both government and private. They provide a wide range of pharmaceutical products, medical devices, and health solutions for hospital needs.
2. Pharmacy and Pharmacy Retail: PT Kalbe Farma sells its products through pharmacy networks and pharmacy retailers throughout Indonesia. They work closely with pharmacies and pharmacy retailers to distribute their pharmaceutical products to consumers.
3. Pharmaceutical Distributors: PT Kalbe Farma also cooperates with pharmaceutical distributors who are in charge of distributing their products to various regions in Indonesia. This pharmaceutical distributor helps ensure the availability of PT Kalbe Farma's products in various locations.
4. Education and Research Institutions: PT Kalbe Farma also interacts with educational and research institutions in the health sector. They can establish cooperation for research and

development of new products, as well as provide educational support in the form of training and academic programs.

5. Health and Government Organizations: PT Kalbe Farma collaborates with health organizations and the government to improve access and quality of health services in Indonesia. They can provide health products and programs that fit the needs and policies set.

Look across complementary product and service offerings

Few products and services are resistant to influences around the industry. Other products and services can affect the value of a product and service. Unexploited value is often hidden in complementary products and services. The key is to define the total solution that buyers are looking for when choosing a product or service. The way to do this is to think about what happens before, during, and after the product is used. PT Kalbe Farma plays a role in providing innovative and high-quality health solutions to the people of Indonesia.

PT Kalbe Farma functions as a manufacturer of pharmaceutical products which include medicines, health supplements, medical devices, and other health products. They have modern production facilities and adhere to strict quality standards to ensure the products produced are safe and effective. They are responsible for distributing their pharmaceutical products to hospitals, pharmacies, and pharmacy retailers across the country. In addition, PT Kalbe Farma also conducts marketing activities to promote and market its products to consumers to scientific research to understand diseases, develop new active ingredients, and test the safety and effectiveness of their products. PT Kalbe Farma is very concerned about the quality of its products. They have a quality department tasked with ensuring that all products meet the quality standards set by health regulatory bodies. This department is responsible for closely supervising the production, testing and distribution processes of products.

The problem points that can be analyzed from the above approach, are quality risks in Kalbe Farma products, consumer trust and comfort. This problem can be eliminated by reviewing risk management in all Kalbe business units that have implemented and facilitated risk management in business units that have not implemented it with an Information system Throughout 2021, CARA has facilitated the implementation of risk management for strategic business units. In addition, a module related to *Control Self-Assessment* (CSA) has also been developed, which is run in conjunction with pilot projects included in the CARA roadmap plan, namely the audit methodology / *Continuous Audit Monitoring* with the CSA model and with the use of AI technology that can facilitate consumers when transacting without having to worry about consumer data so as to ensure comfort and trust consumers against PT. Kalbe Farma.

Look across functional or emotional appeal to buyer

Competition in an industry tends to focus not only on the general concept of the scope of its products and services, but on one of two possible bases of attraction. When companies are willing to defy the functional-emotional orientation of the industry, it often finds new markets. This approach has two patterns. First, an emotionally oriented industry will offer many advantages that increase prices without increasing functionality, can be done by creating a simple business model with low costs and prices so that it can be warmly welcomed by consumers. Second, functionally oriented industries can give new soul to products by adding emotion and can stimulate new demand.

PT Kalbe Farma is included in the pharmaceutical industry which can be categorized as a functionally oriented industry. In this context, functionally oriented means that the company focuses its operations on key functions related to the pharmaceutical industry, such as production, distribution, marketing, research and development, and quality control. The company also has a research and development team responsible for developing new products, improving existing formulations, and conducting research for innovation in the pharmaceutical field. In addition, PT Kalbe Farma has a strong quality department to ensure all products meet strict quality standards. With a focus on these core functions, PT Kalbe Farma is oriented towards providing innovative and high-quality health solutions to the community.

Look across time

Looking at trends with the right perspective can show you how to create opportunities from the blue ocean. By keeping a close watch on time, from the value the market provides today to the value the market may provide in the future, companies can actively shape the future and open up new blue oceans. Looking at time may be more difficult than previous approaches, but in this approach it discusses gaining knowledge about trends that can be observed today. There are three important principles in assessing trends, namely that trends across time are important to the business, cannot be reversed, and must have a clear trajectory.

Some of the trends occurring in the pharmaceutical industry today include:

1. **Product Innovation and Development:** The pharmaceutical industry is constantly striving to develop new products with innovative active ingredients. There have been improvements in the development of more effective and safer medicines, health supplements tailored to individual needs, and therapies using the latest technologies such as gene therapy and cell therapy.
2. **Digitalization and Health Technology:** The adoption of digital technology is increasing in the pharmaceutical industry. The use of mobile applications, telemedicine, big data, and artificial intelligence (AI) helps in more effective diagnosis, monitoring, disease management, and selection of therapies. Health technologies such as wearable sensors and smart medical devices are also growing in popularity.
3. **Personalization and Precision Medicine:** Approaches in healthcare are increasingly shifting to personalization. Precision medicine allows the identification and treatment of diseases based on genetic characteristics and other individual factors. This opens up opportunities for the development of therapies tailored to the patient's needs more specifically.
4. **Expansion of the Global Healthcare Market:** Population growth and increasing awareness of the importance of healthcare have led to a growing global demand in the pharmaceutical industry. Pharmaceutical companies see expansion opportunities into international markets, especially in developing countries that have increasing health needs.
5. **Patient Engagement and Focus on Preventive Health:** There has been a shift in emphasis on preventive healthcare and patient engagement. The pharmaceutical industry is increasingly paying attention to health education, disease awareness, and prevention through educational programs and services that assist patients in managing their own health.
6. **Sustainability and Environmental Friendliness:** Attention to sustainability and environmental impact is increasing in the pharmaceutical industry. Pharmaceutical companies are working to reduce their carbon footprint, adopt environmentally friendly production practices, and use more sustainable ingredients in their production processes.

It should be noted that this trend can continue to evolve and change over time. The pharmaceutical industry has always adapted to scientific advances and the development of people's needs.

Strategy Canvas Blue Ocean (New)

Taking into account the results of the analysis and with the approaches mentioned above, figure 4.2 shows a new blue ocean strategy canvas, creating several factors namely marketing and promotion to gain industry partnerships and consumer appeal. With the right branding strategy, advertising, medical promotion, health awareness campaigns, and digital presence, will help reach the target audience more effectively, in addition the pharmaceutical industry will often work closely with research institutions, hospitals, and other health organizations to develop products, conduct clinical trials, and improve access to patients.

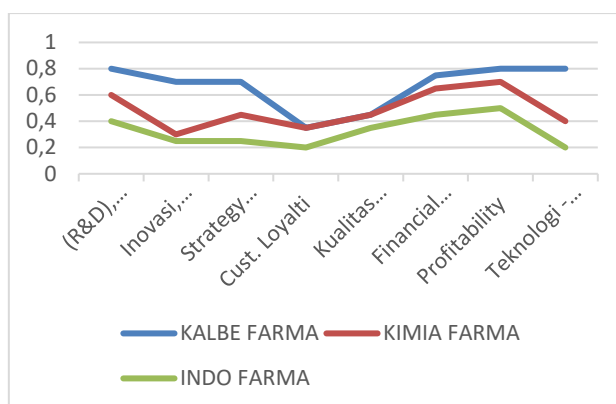


Figure 2. Strategy Canvas PT. Kalbe Farma (baru)

4. CONCLUSION

Following the business concept of "market oriented, customer-centric", PT. Kalbe Farma is committed to developing itself into a world-class pharmaceutical industry with high value creation capabilities. Kalbe Farma tries to create several factors, namely marketing and promotion to obtain industrial partnerships and consumer attraction. With the right branding strategy, advertising, medical promotion, health awareness campaigns, and digital presence, will help reach the target audience more effectively, in addition the pharmaceutical industry will often work closely with research institutions, hospitals, and other health organizations to develop products, conduct clinical trials, and improve access to patients. By considering the results of the analysis and existing approaches, Kalbe farma can avoid the *red ocean* by implementing a new *canvas blue ocean* strategy, Kalbe farma will easily win market share without facing many competitors.

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