

South Garut Banjarwangi District MSME Product Marketing Strategy

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South Garut Banjarwangi District MSME Product Marketing Strategy

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Abstract

This study aims to determine the appropriate and competitive marketing strategy used by MSMEs in the Banjarwangi sub-district. The analysis tool used is SWOT with EFAS/IFAS analysis techniques to determine useful access opportunities for company self-development and IFAS/SAP analysis to determine the strategic advantages possessed by the company. The research was conducted using a survey method in the Banjarwangi sub-district. The SMEs studied were working in the food sector. The results of this study are that the potential strengths and weaknesses of MSMEs in Banjarwangi District are very good to be emulated by MSME actors in any region. The strategy for MSME actors in Banjarwangi District is based on their potential, namely the Growth Strategy (Quadrant I), the marketing strategy of MSMEs in Banjarwangi District. by increasing the number of product variations offered, expanding market share, making prices affordable, providing special discounts on certain purchase quantities, especially for regular customers.

Keywords: Marketing Strategy, SWOT, UMKM

INTRODUCTION

In the current era of globalization, business competition is becoming very sharp, both in the domestic (national) market and in the international (global) market. Companies are faced with various opportunities and threats both from outside and within the country. At present international trade is more directed towards trade liberalization where tariff and non-tariff barriers such as quotas are becoming less and less. For companies that have high competitiveness and product efficiency, trade liberalization is a great opportunity to win competition at the global level, on the other hand, for companies that have low competitiveness and product efficiency, this is a threat to their business continuity.

Micro, Small and Medium Enterprises (MSMEs) have a strategic function in the national economy, especially in the South Tangerang City area. SMEs play a role for employment. The large number of MSMEs can be utilized as government partners in managing resources. Indonesia as a country with the 4th largest population in the world must be able to manage existing resources for the greatest prosperity of the people.

At the MSME level, trade liberalization has broad implications. Micro, Small and Medium Enterprises are required to carry out productive and efficient production processes,

and to be able to produce products that are in accordance with global market frequencies with quality standards. The general condition of MSMEs in Banjarwangi shows that every year Banjarwangi MSME products experience growth and development both in type, design and raw materials, which are created from the creativity and innovation of business actors. This requires guidance and facilitation so that these products can succeed in the local market and compete in the global market.

Community economic empowerment is an important and main element in creating an independent region that is aspired to through decentralization policies. Regional economic development can be interpreted as a process in which local governments and their communities manage existing resources and form a pattern of partnership between local governments and the private sector to create new jobs and stimulate the development of economic activities in the region. Therefore, local governments and community participation by using existing resources must be able to assess the potential of the resources needed to design and develop their regional economy.

In the context of regional economic development efforts, an inventory of regional/community/regional potential is absolutely necessary so that development pattern policies can be determined both sectorally and multi-sectorally. One of the steps for inventory/identification of regional economic potential is to identify potential, reliable and regional superior products in each sub-sector. Regional superior products describe the ability of the region to produce products, create value, make real use of resources, provide employment opportunities, generate income for the community and the government, have prospects for increasing productivity and investment. A product is said to be superior if it has competitiveness so that it is able to counteract competing products in the domestic market and/or penetrate the export market.

The role of Micro, Small and Medium Enterprises is considered very supportive in reducing poverty and unemployment. It can be proven that MSMEs are one of the government programs that strengthen the economy. The government is aware that this support policy is fully capable of conditioning prosperous Indonesian MSMEs. So MSMEs are used as the pioneers of the economy in Indonesia. Towards the AEC, MSMEs have become the foundation of society with MSMEs being one of the most popular businesses, which has been proven to absorb MSME workers in Depok by 73% (kompasiana.com).

For the culinary field, people tend to like to consume various types of food or have

their own characteristics. Meanwhile, the fashion sector has increased, because people want to appear more up-to-date with the fashion they wear. Likewise, the handicraft business is also superior, because many people choose to use handicrafts. Homemade goods tend to be more attractive than those made using machines. The rapid development of South Garut City (Tangsel) has turned out to be a good indicator for the culinary market. The reason is the Office of Cooperatives and Small and Medium Enterprises (UKM) Garut Selatan noted that up to now there are approximately 26,700 SMEs in Tangsel. From this data, most of their businesses are engaged in the culinary field (warta.kota.com).

The economy is getting more difficult, lifestyles are changing from time to time, individual needs are increasing but sources of income are minimal or small, demanding MSME actors to try harder and work harder.

The inability of MSMEs to face the global market may arise due to weak access to information. This weakness can have an impact on narrow market opportunities and price uncertainty. Here it can be seen that the era of global business demands mastery of information, innovation and creativity of business actors, both from the aspect of technology and the quality of human resources. The weak ability of MSMEs in accessing information is thought to be directly related to the condition of MSMEs' internal factors which are overshadowed by various limitations in being able to provide information to consumers. As a result, MSME products, which actually have a sizeable international market share, are not widely known by consumers. An important solution that needs to be done by MSMEs to overcome the problem is to introduce SME products through promotional activities.

All strategies to achieve high sales results must be pursued by MSME actors, in order to win competitiveness among them. Marketing strategy is a fundamental tool planned to achieve company goals by developing sustainable competitive advantages through the markets entered and marketing programs used to serve these target markets (<http://www.makassarpreneur.com>). Seeing some of the facts above, inspired the author to analyze the existing marketing strategies for MSMEs in the food sector in Banjarwangi City, so that further effective and efficient marketing strategies can be identified to increase competitiveness and ultimately improve the welfare of these MSME actors.

RESEARCH METHOD

The data collection technique used in this study was by distributing questionnaires to MSME administrators in Banjarwangi District. In this study, researchers used the main research instrument to collect primary data, namely a questionnaire. Questionnaires were given to respondents using a Likert scale. A scale containing five levels of preference for answers. The data analysis technique used in this study is SWOT analysis followed by making IFAS tables (Internal Strategic Factors Analysis Summary) and IFAS (eksternal Strategic Factors Analysis Summary). The tool used to compile the company's strategic factors is the SWOT matrix. This matrix can clearly describe how the external opportunities and threats faced by the company can be adjusted to the strengths and weaknesses it has. This matrix can generate four sets of possible strategic alternatives.

1. SO strategy

This strategy is made based on the company's mindset, namely by utilizing all strengths to seize and take advantage of as many opportunities as possible.

2. ST Strategy

This strategy uses the strengths of the company to overcome threats.

3. WO strategy

This strategy is determined based on the utilization of existing opportunities by minimizing existing weaknesses.

4. WT Strategy

This strategy is based on defensive activities and seeks to minimize existing weaknesses and avoid threats.

RESULT AND DISCUSSION

External And Internal Matrix Analysis

Internal and external evaluation matrices are used to analyze the influence of the internal environment which influences strengths and weaknesses while the external environment which influences business is in the form of opportunities and threats. The following is an internal and external evaluation matrix for MSME actors in Banjarwangi District.

Table 1 IFE Matrix of MSME Actors in Banjarwangi District

Tabel Internal Strategic Factors Analysis Summary				
Internal Strategic Factors	WEIGHT	RATING	MARK	RANKING
Strength				
Friendly Human Resources	0,079	1,733	0,137	7
Superior skills	0,068	3,600	0,245	1
Strategic location	0,071	2,833	0,201	6
Pricing according to the product	0,072	2,833	0,203	4
superior product quality	0,080	2,733	0,220	2
Flexible Services	0,071	2,867	0,203	5

Promotion product	0,072	3,000	0,216	3
Amount	0,513		1,426	
Weakness				

Less Optimal Work Management	0,068	3,833	0,261	1
A large capital in the establishment of a business	0,072	2,567	0,185	5
Employee competence in managing funds is low	0,071	1,800	0,128	6
There is no product operational standard arrangement yet	0,067	1,833	0,123	7
Delays in the production process	0,067	2,833	0,191	4
Compensation Granting Process	0,069	2,867	0,197	3
Process of Assessing Employees	0,073	2,967	0,216	2
Amount	0,487		1,300	
Total	1,000		2,725	

Table 2 EFE Matrix of UMKM Actors in Banjarwangi District

Table of External Strategic Factors Analysis Summary				
External Strategic Factors	WEIGHT	RATING	MARK	RANKING
Opportunity				
Extensive market share	0,075	3,133	0,235	3

competitors	0,083	3,000	0,249	2
expand business premises	0,052	3,100	0,161	7
suppliers do not compete with other products in industry	0,084	3,133	0,262	1
The ability of customers to press the price	0,071	2,967	0,212	5
The ability of customers to improve service	0,068	2,967	0,203	6
The ability of customers to collect information product related	0,078	2,800	0,219	4
Amount	0,511		1,540	
Threat				
Technological development	0,074	3,067	0,226	2
The emergence of new competitors	0,079	3,033	0,241	1
Expensive Raw Materials	0,074	3,000	0,223	4

Product Differentiation	0,068	2,900	0,196	5
Product Characteristics, Large Fixed Costs	0,074	3,067	0,226	3
Substitute products of nearly the same quality at a lower price	0,052	3,233	0,170	6
Access distribution channels	0,067	1,933	0,130	7
Amount	0,489		1,413	
Total	1,000		2,953	

Based on the IFE and EFE calculations in tables 5 and 6 above, the internal analysis coordinates and external analysis coordinates are obtained, namely (0.063; 0.064) while the coordinate values are obtained based on the following calculations:

a. *Internal Analysis Coordinate*

The coordinates of this internal analysis are obtained by averaging the results of reducing the total score of strengths with the total score of weaknesses. The calculation of internal analysis coordinates is as follows:

$$\begin{aligned}
 &= \frac{(\text{score} - \text{total weakness score})}{2} \\
 &= \frac{(1,426 - 1300)}{2} \\
 &= 0.063
 \end{aligned}$$

b. *External Analysis Coordinate*

The coordinates of this external analysis are obtained by averaging the results of reducing the total opportunity score with the total threat score. The calculation of the coordinates of the external analysis is as follows:

$$\begin{aligned}
 &= \frac{(\text{total opportunity score} - \text{total threat score})}{2} \\
 &= \frac{(1.540 - 1.413)}{2} \\
 &= 0.064
 \end{aligned}$$

The coordinates are then entered into the matrix diagram grand strategy (GS). So it can be seen that based on the coordinates above, the position of MSME actors in Banjarwangi District is included in Quadrant I which has the Growth category. As for the matrix grand strategy (GS) which describes the position of MSMEs in Banjarwangi District can be seen in the following figure:

Source: processed data (2021)



Figure 1 Grand Strategy (GS) Matrix, Position of MSME Actors in Banjarwangi District

In this study, MSME actors in Banjarwangi District are known as quadrants growth due to strong internal business and supportive environment. With this business can take advantage of opportunities that arise with the strong resources they have.

A. *SWOT Analysis Stages*

The following table is used by researchers to analyze and determine strategic decisions using the SWOT matrix approach. This matrix can clearly describe how the external opportunities and threats faced by the company can be adjusted to the strengths and

weaknesses it has.

Table 4.3. SWOT Matrix of UMKM Actors in Banjarwangi District

IFAS	<p>STRENGTHS (S)</p> <ol style="list-style-type: none"> 1. Friendly Human Resources 2. Superior skills 3. Strategic location 4. Pricing according to the product 5. superior product quality 6. Flexible Services 7. Promotion product <p>(Weight – 1.42)</p>	<p>WEAKNESS (W)</p> <ol style="list-style-type: none"> 1. Less Optimal Work Management 2. A large capital in the establishment of a business 3. Employee competence in managing funds is low 4. There is no product operational standard arrangement yet 5. Delays in the production process 6. Compensation Granting Process <p>1. The Process of Assessing Employees</p> <p>(Weight – 1.30)</p>
DELETE		

<p>OPPORTUNITIES (O)</p> <ol style="list-style-type: none"> 1. Extensive market share 2. Competitors 3. expand the place business 4. suppliers do not compete with other products in the industry 5. The ability of customers to press the price 6. The ability of customers to improve service 7. The customer's ability to collect product-related information <p>(Weight- 1.54)</p>	<p>SO STRATEGY</p> <ol style="list-style-type: none"> 1. Increase the number of product variations offered. 2. expand market share. 3. make the price affordable. 4. Give a special discount on a certain number of purchases, especially for regular customers. <p>SO (2.96)</p>	<p>WO STATEGY</p> <ol style="list-style-type: none"> 1. Improve cost efficiency. 2. Applying for credit to banks to increase business capital Cooperate with production equipment technicians. 3. Need to create a business focus with ownership of increasingly innovative product innovations. <p>WHERE (2.84)</p>

THREATS (T)	STRATEGY ST	WT STRATEGY
1. Technological development 2. Appearance new competitors 3. Expensive Materials Raw 4. Product Differentiation 5. Characteristics Products, large Fixed Costs	1. Develop competitiveness. 2. Improve service to customers. 3. ST (2.83)	1. Selection of transportation services used. 2. Attention to convenience. 3. Selection of quality employees to increase competition. 4. Maintain good relationship with customers 5. WT (2.71)

6. Product substitutes of nearly the same quality at a lower price 7. Access distribution channels (Weight-1.41)		
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Analysis of the MSME Marketing Strategy in Banjarwangi District

The following is an analysis of the MSME marketing strategy in Banjarwangi District, seen from the value of the SWOT matrix table above with the highest value, namely SO (strength-opportunity). MSME actors in the Banjarwangi District in maintaining a growth position should:

1. Increase the number of product variations offered.
2. Expand market share.
3. Make affordable prices.
4. Provide special discounts on a certain number of purchases, especially for regular customers.

CONCLUSION

Based on the results of the analysis and discussion described in the previous chapters, it can be concluded that:

- a. The potential strengths and weaknesses of MSMEs in Banjarwangi District are very good to be emulated by MSMEs in any region.
- b. The Strategy for MSME Actors in Banjarwangi District is based on their potential, namely the Growth Strategy (Quadrant I)
- c. The marketing strategy of SMEs in Banjarwangi District is to increase the number of product variations offered, expand market share, make prices affordable, provide special discounts on certain purchase quantities, especially for regular customers.

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