

MARKETING STRATEGY ANALYSIS TO INCREASE MSME COMPETITIVENESS (Study on Convection Business in Medan Denai District)

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ABSTRACT

Micro, small and medium enterprises (MSMEs) are one of the spearheads of a country's economy. The development of MSMEs, especially in Indonesia, continues to grow from year to year, one of the MSMEs that continues to grow is the textile and textile product processing sector (TPT) or commonly known as the convection business. The great prospect makes competition in this sector even tighter, so that convection business actors must have a strategy that can be used to compete, one of which is using a marketing strategy. This study aims to identify and analyze the marketing strategies used by the convection business in Medan Denai District in carrying out business activities in making clothing products so that they can compete with similar businesses. The research method used is descriptive research with a qualitative approach. Data collection techniques were obtained from both primary and secondary data. Meanwhile, secondary data was obtained through related agency data and literature study. The data analysis technique used is the SWOT method. The results of the study show that MSMEs in Medan Denai Sub-district in their marketing strategy apply a marketing mix strategy in marketing their products, namely through product strategies, pricing strategies, distribution channel strategies and promotional strategies. To win the competition with similar businesses, MSMEs in Medan Denai District can use a combination of SO (strength opportunity) strategies, namely by expanding market share, improving the quality of human resources, improving product and service quality and maximizing promotions..

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1. INTRODUCTION

Micro, small and medium enterprises (MSMEs) are one of the spearheads of a country's economy. Especially in Indonesia, the independent business carried out by the community has made a very large contribution to the economy. Based on data from the Ministry of Cooperatives and SMEs in 2018, MSMEs have a market share of around 99.99% (64 million units) of the total business actors in Indonesia. This number is very large when compared to the number of large businesses, which is only 0.01% or about 5400 units. One of the SMEs that continues to grow is the textile and textile product (TPT) processing sector or commonly known as the convection business.

One of the centers for producing textile products in Medan is in the District of Medan Denai. The majority of people in Medan Denai Subdistrict have independent businesses engaged in convection such as making clothes, school uniforms/batik clothes, jeans, robes and others. Medan Denai Subdistrict was appointed to be investigated because there are many convection businesses in the community and it is interesting to talk about convection in Medan Denai Subdistrict because the clothing products produced can be accepted by the people of North Sumatra, Aceh and Pekanbaru. Based on this, the researcher is interested in conducting a research entitled "Analysis of Marketing Strategies to Increase the Competitiveness of MSMEs (Study on Convection Business in Medan Denai District).

2. LITERATURE REVIEW

Strategy Concept

The definition of strategy according to Andrews (Manap, 2016) is a pattern of decisions within the company that determine and disclose goals, objectives or goals that produce the main policies and plans for achieving goals and detailing the range of business to be pursued by the company.

Meanwhile, according to Griffin (Anoraga, 2009) strategy is a comprehensive plan to achieve an organizational goal, this is similar to Setyo Soedrajat's opinion which states that strategy is a comprehensive plan in order to achieve the goals of an organization.

Then according to Chandler (Khotijah, 2004) strategy is the long-term goals and objectives of a company and the direction of action and allocation of resources needed to achieve the goals and objectives.

In general, strategy can be interpreted as a long-term plan that is specifically designed to achieve certain goals and objectives. So based on the opinions above, it can be concluded that strategy is a tool to achieve a number of goals which within the scope of the company are profits and the sustainability of the company's wheels.

Marketing Management

Marketing management is also known as marketing management which is one type of management that is needed for all businesses. Marketing management is related to products or services in order to be better known to consumers, therefore marketing management must be considered by the company because it is an aspect that greatly contributes to the smooth running of a marketing process.

According to Kotler and Keller (Septiani, 2021) marketing management is the art and science of choosing markets, reaching markets, maintaining markets, and creating and growing customers by communicating superior customer value.

Marketing management is the analysis, planning, execution, and control designed to form profitable exchanges with target buyers to run a company's operations. Marketing management is tasked with measuring and analyzing the marketing process of a company. With marketing management the company can reach the desired target market and get more consumers. It can be concluded that marketing management is an effort to plan, implement, coordinate, direct and supervise or control marketing activities in a business so that company goals can be achieved efficiently and effectively.

Marketing Strategy Concept

Every organization must have a goal to develop and maintain its business. This goal can only be achieved if marketing in a company runs smoothly and has a good strategy in taking advantage of existing opportunities or opportunities. According to Adewale (Septiani, 2021) the function of marketing strategy is to determine the nature, strength, direction, and interaction between marketing mix elements and environmental factors in certain situations. Meanwhile, according to Kuwu et al (Septiani, 2021) argues that marketing strategy is a process that involves internal resources and capabilities within an organization with opportunities that exist in the community. Marketing strategy is a comprehensive program in an effort to determine marketing targets that can satisfy consumers or customers. Marketing strategy is done by combining elements of product, promotion, marketing mix, distribution and also price. Marketing strategy can also be said as an effort to market products in the form of goods and services by using certain plans so that sales reach a high value.

Marketing strategy is a series of activities identifying the specific needs of consumers, designing product or service concepts that can meet consumer needs and communicating these products to target consumers. Where the main goal is that the product is of value to him and is willing to carry out mutually beneficial economic transactions (Sumarwan, Tjiptono, 2018). So that marketing actually has a broader meaning than sales activities. Not only selling goods and services, but also including research to find out the needs and desires of consumers, making products and services in accordance with the market and introducing activities until the product reaches the hands of consumers.

Marketing Strategy Objectives

According to Rosmala (2022) there are four objectives of marketing strategy, namely:

1. Improve the quality of coordination between each marketing team
2. As a measuring tool of marketing results
3. As a basis for making marketing decisions
4. As well as to improve the ability to adapt in case of changes in marketing.

Marketing Mix Concept

Marketing mix is a marketing strategy that is useful for conveying product or service information widely, introducing it and stimulating consumers to give personal preferences to a product. Therefore, the marketing mix is considered as one of the most potential strategic elements in marketing a product. According to Kotler, the marketing mix is a set of marketing variables controlled by the company and used to achieve goals in the target market or target market. Gitosudarmo also defines that the marketing mix is a number of marketing tools used by companies to convince the intended target market object. Marketing mix is a strategy of combining marketing activities, in order to create a maximum combination so as to bring out the most satisfactory results (Alma, 2005). Based on these definitions, it can be concluded that the marketing mix is a variable that is used as a guide for companies to move the company in achieving the goal of satisfying consumers or customers.

There are four elements of the marketing mix strategy, namely:

1. Product

According to Kotler (Nurmi, 2015) a product is anything that can be offered to the market to get attention, be purchased, used, and consumed and can satisfy a want. Meanwhile, according to Tjiptono and Chandra (Nurmi, 2015) argues that a product is something that is offered by producers to be noticed, observed, purchased, and consumed by the market as a means of fulfilling needs in an environment.

In other words, a product is something that can be offered to the market for attention, ownership, use, or consumption so as to satisfy a want or need. The product is one of the important factors that can be controlled by the marketing manager and is the most effective tool for him. Products can be changed in various ways to improve the achievement of marketing objectives. It can change its quality, size, shape, color, variations, and so on. According to Saidi (2007) in a broad sense, a product includes anything that can be marketed including physical objects, human services, places, organizations, and ideas.

2. Price (price)

Price is a determining factor in a purchase and is an important element in determining the market share and profit level of a company. Price also has a special position in the marketing mix and is closely related to other elements. A product can compete in the market because entrepreneurs have a pricing strategy both above the market and below the market.

Price is an exchange rate of a product or service expressed in monetary units. A seller may choose to compete on price and set his price lower than competitors' prices. Sellers can also capture a high quality image and enhance the image with a higher price policy. The available pricing options in marketing strategy planning are influenced by cost factors, demand factors and competition.

There are several objectives with setting prices, namely:

- a) Profit-oriented goals, the assumption of classical economic theory states that every company always chooses the price that is able to get the highest profit or maximize profit.
- b) Volume-oriented objectives, this term is often also referred to as volume pricing objectives. Where the price is set in such a way in order to achieve the sales target (target sales volume).
- c) Goal-oriented image. The image or image of a company can be formed through a pricing strategy. An organization can charge high prices to establish or maintain a prestigious image. While the low price can be used to form a certain image. The determination of low and high prices aims to increase consumer perceptions of the overall marketing mix offered by the company.
- d) The purpose of price stabilization, price is a sensitive thing for consumers. If a company lowers prices, competitors will also lower prices. The purpose of stabilization is done by setting prices to maintain a stable relationship between the price of a company and the price of industry leaders.
- e) Other goals are to prevent the entry of competitors, maintain customer loyalty, support resale, and avoid government interference.

3. Place

Place in the marketing mix refers to providing the product in a place that is easily accessible to consumers. Generally, place is identical with distribution such as channel type, exposure, transformation, distribution and location. Location planning has a very important role to support the development of the company, where according to Hurriyati, place is one of the activities that need to be carried out by every producer to move or distribute products, goods, or services produced from one place to another. Refers to the distribution of products to reach customers. Marketing strategists have many options for their distribution policies. He can choose the areas where he will market his products and which areas will not be entered. He can decide what type of retail store he will sell his product to and how many dealers he will need in each market.

4. Promotion (promotion)

Umar (Nurmi, 2015) argues that promotion is a communication used by producers to influence consumers to make purchases. In essence, promotion is a form of marketing communication, namely activities that seek to disseminate information, influence or persuade, and remind the target market of the company and its products to be willing to accept, buy and be loyal to the products offered by the company.

Promotion is the aspect of product information to consumers. Promotion is an activity aimed at influencing consumers so that they can become acquainted with the products offered by the company to them and then they become happy and then buy the product. The marketing manager can choose to use advertising as the primary method of communication with consumers or he can use it only as a complement to other forms of communication. Promotions can be selected from a variety of media types (eg television, radio, newspapers and magazines).

SWOT Analysis

SWOT analysis is the identification of various factors systematically to formulate corporate strategy. The analysis is based on logic that can maximize strengths and opportunities simultaneously so as to minimize weaknesses and threats (Rangkuti, 2015). SWOT analysis (Strength Weakness Opportunities Threats) is a tool commonly used to analyze the internal and external environment in order to achieve a systematic approach and support for a decision-making situation.

SWOT analysis can be performed using one of two matrix models, namely the SWOT matrix or the TOWS matrix. The matrix model prioritizes external factors (threats and opportunities), then looks at internal capabilities (strengths & weaknesses). The TOWS matrix produces 4 strategies (Rangkuti, 2006), namely:

1. SO Strategy (Strength - Opportunity Strategy) creates a strategy that uses strengths to take advantage of opportunities.
2. WO strategy (Strategy of weaknesses - opportunities) creates strategies that minimize weaknesses to take advantage of existing opportunities.
3. ST strategy (Strategy - threat strategy), creating a strategy by utilizing strengths to avoid or minimize the impact of external threats.
4. WT strategy (Strategy of weakness - threat), is based on activities that are defensive in nature and try to minimize, and avoid threats.

Small industry

According to the Ministry of Industry and Trade, small industry is an industrial business whose assets (excluding land and buildings) are less than Rp. 600,000,000,-. While the working capital of small industries is a business (trade) whose working capital is worth less than Rp. 25,000,000,-. According to the Law of the Republic of Indonesia No. 20 of 2008 concerning Micro, Small and Medium Enterprises, the criteria are as follows:

a. Have a net worth of more than IDR 50,000,000 (fifty million rupiah) up to a maximum of IDR 500,000,000 (five hundred million rupiah) excluding land and building for business; or b. Have annual sales of more than Rp.300,000,000.00 (three hundred million rupiah) up to a maximum of Rp.2,500,000,000.00 (two billion five hundred million rupiah).

3. METHODS

Research design

This research is a research that uses a descriptive method with a qualitative approach. Descriptive method is used to describe the marketing strategies carried out by convection business actors in Medan Denai District to increase the competitiveness of the convection products they produce.

Research sites

This research was conducted for 8 months by choosing Medan Denai District as the research location. Medan Denai Sub-district was chosen as the research location because in this sub-district the majority of the people are convection business actors.

Data Collection Techniques and Determination of Informants

This research was conducted using primary data and secondary data. Primary data was obtained by using in-depth interviews and focus group discussions (FGD) with convection business actors and informants who were considered very understanding about this matter, as well as direct observations in

the field. Meanwhile, secondary data was obtained from library materials, books, documents and from related institutions such as from the Medan Denai District Office.

Data analysis technique

The analysis was carried out simultaneously with the data collection process (on going analysis). This qualitative analysis was carried out following the process, among others, data reduction, data presentation and drawing conclusions based on the data reduction and presentation that had been done previously.

4. RESULTS AND DISCUSSION

Description of Research Site

Medan denai sub-district is one of a total of 21 sub-districts in the city of Medan, North Sumatra. The population in Medan Denai District is 145,677 people, consisting of 71,923 men and 73,754 women. Based on age group, the distribution of the population of Medan Denai Subdistrict is relatively more productive age population. Most of the residents of Medan Denai Subdistrict work as private employees. They have various professions ranging from ASN, TNI, Polri, private employees and entrepreneurs. The majority of the population who are entrepreneurs choose convection business as their livelihood.

The Economy in the District of Medan Denai

Medan denai sub-district is one of a total of 21 sub-districts in the city of Medan, North Sumatra. Medan Denai Subdistrict is bordered by Medan City and Medan Area to the west, Deli Serdang Regency to the east, Medan Amplas to the east and Medan Tembung to the north. In 2001, this sub-district had a population of 125,505 people and an area of about 9.91 km. Medan denai sub-district can be identified as one of the areas in the city of Medan that has good economic potential. Industries in Medan Denai District have started to emerge, especially medium and small industries. Industrial companies in Medan Denai District are more dominated by household scale industries. It was recorded that in 2019 there were 8 small industries, and 221 household scale industries in Medan Denai District.

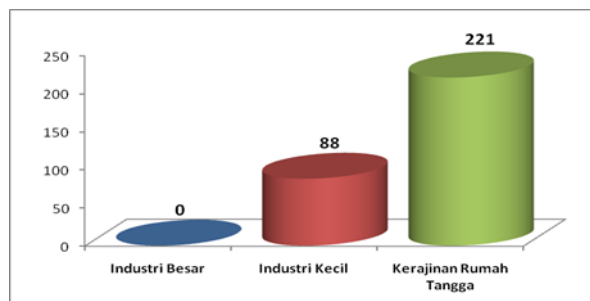


Figure 1. Number of Large/Medium, Small, and Household Industrial Companies in 2019

From the graph above, it can be concluded that the Medan Denai Subdistrict does not yet have a large industry, while small and household scale industries dominate the number of businesses in the Medan Denai Subdistrict. Convection businesses in the Medan Denai sub-district are included in small and household-scale industries that have an average workforce of at least 2-18 people per convection business.

Discussion

1. Convection Marketing Strategy Analysis

Based on the data obtained in the field research, it was found that convection SMEs in Medan Denai District applied a simple marketing strategy consisting of 4Ps, namely product strategy, price (price), place (place), and promotion (promotion).

2. Product strategy

The products produced by the convection business in Medan denai sub-district can be divided into two parts, namely the main product and additional products. The main product is a product that is the main source of income for convection entrepreneurs. This product consists of covering this product including uniform products that are made to order. Additional products are secondary products, which are additional income, namely various convection products aimed at end users.

Convection SMEs in the Medan Denai sub-district produce various types of clothing ranging from children's clothing to adult clothing. MSMEs in Medan Denai District sell several products such as robes,

shirts, school clothes, uniforms at affordable prices and good product quality. In addition to making these products, convection in Medan Denai also accepts special orders such as official clothes, uniforms in large quantities for schools or offices. The size of the clothes produced has various sizes ranging from sizes S, M, L, XL, XXL which are tailored to the needs of consumers.

The designs of the products produced are adjusted to market demand, where convection entrepreneurs often look for references from the internet to find clothing models that are trending in the community. For the type of product made, it also depends on the season, for example, before fasting and Eid, convection entrepreneurs often make robes, koko clothes, prayer equipment such as sarongs and mukena. Meanwhile, when entering the end of the year, convection entrepreneurs prepare dresses to meet high consumer demand celebrate christmas and new year.

Products produced by convection in Medan Denai District still do not have a registered trademark. They prefer to use brand labels sold in the market, where usually the brand labels used are plagiarized labels from well-known brands. There are several reasons why they prefer to use brand labels on the market:

- a) Limited funds to print brand labels
- b) Don't understand how to register a trademark
- c) Lack of knowledge about the benefits of using trademarks

Furthermore, the production process flow that is generally carried out by small industry convection companies is as follows:



Figure 2. Production Process Flow

1. Price Strategy

The prices offered by convection entrepreneurs in Medan Denai District are relatively cheap. Considering the convection products that are produced, are aimed at the lower to middle class so that the prices offered are quite affordable. The products offered by convection in Medan Denai District range from Rp. 25,000 to Rp. 80,000 for a product. The price offered by convection in Medan Denai District is relatively more expensive than convection products from Java. According to the owner of the convection, the factors that cause the high price of convection products, the first is the raw material of cloth which is still imported from outside Medan, the second is the factor of relatively expensive labor costs.

2. Place/Distribution Channel Strategy

In distributing finished products, MSMEs in Medan Denai District have alternative steps to take, namely:

- a. Producer → Consumer
- b. Manufacturer → Retailer → Consumer
- c. Manufacturer → Agent → Retailer → Consumer

3. In carrying out product distribution activities, MSMEs in Medan Denai District use the three options above. Where products that have been finished in production will be sold directly to end users, or first to retailers and agents. Products produced by MSMEs in the Medan Denai sub-district are marketed in Medan, for example in wholesale centers in the city of Medan, areas in North Sumatra such as Pangkalan Brandan, Tanjung Balai, Mandiling Natal, Dolok Sanggul, Stabat to reach Pekanbaru and Aceh.

4. Promotion Strategy (Promotion)

MSMEs in Medan Denai District promote the products they produce through good communication through face-to-face promotions (personal selling), which is to directly offer the products produced to potential consumers. In addition, they take advantage of word of mouth communication so that products produced by MSMEs in Medan Denai Sub-district are quickly heard in the ears of consumers. The promotions carried out are still conventional promotions and rarely use promotions using social media. This is because many MSME entrepreneurs do not understand how to use social media as a means of promotion, besides that they also do not have gadgets that support online promotion.

5. Convection Strategy Analysis

SWOT is a strategy planning method that can be used by companies to identify strengths, weakness, opportunities and threats that occur in a company, or companies can evaluate competitive conditions in similar businesses. The strengths, weaknesses, opportunities and threats to convection SMEs in Medan Denai sub-district are as follows:

a. Strength

- 1) Competitive product price
- 2) Have regular customers
- 3) Simple distribution
- 4) Skilled and experienced workforce

b. Weakness (Weakness)

- 1) Limited marketing area
- 2) Don't understand online marketing
- 3) Lack of product innovation
- 4) Don't have brand
- 5) The consignment system is quite detrimental when the product does not sell

c. Opportunity

- 1) Market demand for large convection products
- 2) Strong public purchasing power

d. Threat (Threat)

- 1) Similar products from outside the region
- 2) Consumers are sensitive to price changes
- 3) Increase in raw material prices

To determine the appropriate strategic alternative for the company is to create a SWOT Matrix. With this matrix, it can be clearly described how the external opportunities and

threats faced by SMEs in Medan Denai District can be adjusted to their internal strengths and weaknesses. Through this matrix there are 4 alternative strategies, namely: SO, ST, WO, WT strategies.

. Strategy (SO)

- Expansion of market share
- Increase the number of HR
- Maintaining quality and service quality
- Increase promotion

b. Strategy (WO)

- Improve cost efficiency
- Strive for HR development and training
- Maintaining market leader position

c. Strategy (ST)

• Improving the quality of goods and services
Establish a pricing strategy

• Strategy (WT)

- Establish a new business strategy that is more efficient and effective
- Pay more attention to the quality and quality of service to consumers

5. CONCLUSIONS

Based on the results of the study, the researchers concluded that MSMEs in Medan Denai Sub-district in their marketing strategy apply a marketing mix strategy in marketing their products, namely through product strategy, price strategy, distribution channel strategy and promotion strategy. To win the competition with similar businesses, MSMEs in Medan Denai District can use a combination of SO (strength opportunity) strategies, namely by expanding market share, improving the quality of human resources, improving product and service quality and maximizing promotion. Based on the results of the research that has been done, the researchers provide several suggestions that can be taken into consideration Convection in the District of Medan Denai is expected to add variations to the model of the resulting product. Convection in Medan Denai District is expected to carry out a promotional strategy using social media networking applications to be able to expand coverage

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