Analysis of Product Marketing Strategies in Small and Medium Industries

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Abstract

Small and medium industries (SMIs) are an important sector in the Indonesian economy. However, SMIs often experience difficulties in marketing their products due to limited resources and limited market access. Therefore, an appropriate marketing strategy is needed to help SMIs increase sales and expand the market. This study aims to analyze the product marketing strategy of SMIs, especially in terms of determining the right market segment, selecting effective distribution channels, and setting appropriate prices. This research uses a qualitative descriptive method, using case studies on three SMIs in the Jabodetabek area. Data were obtained through literature study and interviews with owners and managers of SMIs, as well as direct observation of products and marketing processes. Data were collected through interviews with owners and managers of SMIs, as well as direct observation of products and marketing processes. Interviews were conducted using structured interview guidelines, while observations were made by observing the product marketing process and its distribution channels. Data were analyzed using qualitative descriptive analysis techniques, namely by collecting data, reducing data, displaying data, and drawing conclusions. The results showed that the three SMIs that became the object of research have different marketing strategies. However, there are similarities in terms of determining the right market segment and selecting effective distribution channels. In addition, appropriate pricing is also an important factor in the product marketing strategy of SMIs. In conclusion, the right marketing strategy can help SMIs increase sales and expand the market.

Keywords: Strategy, Marketing, Products, Small and Medium Industries.

INTRODUCTION

Small Industrial Company is a company engaged in industry with a maximum investment value of Rp 200,000,000,- (two hundred million rupiah), excluding land and buildings of the business premises (Kristina, 2010). Meanwhile, an Intermediate Industrial Company is a company engaged in industry with an investment value of more than Rp 200,000,000,- (two hundred million rupiah) to a maximum of Rp 10,000,000,000,- (ten billion rupiah), excluding land and buildings of the business

premises. Based on Law No. 20/2008 on Small Business Criteria, a small business is a business with a net worth of between Rp 50,000,000,00 and Rp 500,000,000,00, excluding land and buildings of the business premises, or has annual sales between Rp 300,000,000,00 and Rp 2,500,000,000,00. Meanwhile, a medium-sized enterprise is a business with a net worth between IDR 500,000,000,000 and IDR 10,000,000,000, excluding land and buildings of the business premises, or has annual sales revenue between IDR 2,500,000,000 and IDR 50,000,000,000 (Kosasi, 2022).

Small and medium-sized industries (SMIs) play an important role in the Indonesian economy. According to data from the Ministry of Cooperatives and SMIs, in 2020, SMIs accounted for around 61% of the total workforce in Indonesia and contributed around 60.3% of national GDP. In addition, SMIs are also a source of innovation and creativity in creating unique products and services that have high added value to the Indonesian economy. Therefore, the development and empowerment of SMIs is one of the main focuses in efforts to increase Indonesia's economic growth (Kementerian Koperasi dan UKM, 2020).

However, SMIs often experience difficulties in marketing their products for several reasons. First, SMIs often have limited resources, such as capital, labor, technology, and adequate production facilities. These resource limitations can affect product quality and quantity, as well as the ability of SMIs to meet market demand (Wuryadani & Meilani, 2013). Second, SMIs often face limited market access. This is due to a lack of knowledge and skills in marketing, as well as limited access to markets and extensive distribution networks. SMIs tend to have limited markets, such as at the local or regional level, making it difficult to expand the market to a wider area (Sunariani et al., 2017). In addition, SMIs also often face intense competition with large or foreign companies that have advantages in terms of technology, capital, and wider distribution networks. This can affect the competitiveness and long-term sustainability of SMIs (Sedyastuti, 2018).

Due to limited resources and market access, SMIs need an appropriate marketing strategy to help them increase sales and expand their market. With an effective marketing strategy, SMIs can identify their target audience, create an attractive brand image, and develop a plan to promote their products or services to potential customers (Musfar & Se, 2020). This can help them overcome the challenges of limited resources and market access and ultimately achieve their business goals. Based on the background description, the researcher is interested in conducting research with the title "Analysis of Product Marketing Strategy in Small and Medium Industries".

RESEARCH METHODS

This research uses a qualitative descriptive method, using case studies on three SMIs in the Jabodetabek area. According to (Sugiyono, 2016), descriptive qualitative method is a research approach based on the philosophy of postpositivism and is used to observe natural objects, different from experiments. Data were obtained through literature studies and interviews with SMI owners and managers, as well as direct observation of products and marketing processes. Data were collected through interviews with SMI owners and managers, as well as direct observation of products and marketing processes. Interviews were conducted using structured interview guidelines, while observations were made by observing the product marketing process and its distribution channels. Data were analyzed using qualitative descriptive analysis

techniques, namely by collecting data, reducing data, displaying data, and drawing conclusions (Rijali, 2019).

RESULT AND DISCUSSION

Product marketing strategies in small and medium industries (SMIs) are very important to increase sales and expand the market. Marketing needs to be taken seriously by SMIs. Especially in the process of determining the marketing strategy must be really mature, so that the chosen marketing strategy will be able to penetrate the market. Moreover, in the current condition of increasingly fierce competition, the ability to capture market share will affect the survival of the SMIs themselves (Wibowo & Zainul, 2015).

In the context of increasingly fierce global competition, SMIs need to be able to develop the right marketing strategy in order to compete with large companies and increase their competitiveness (Ulfah et all, 2021). With the right marketing strategy, SMIs can determine the right market segment and recognize the needs and desires of consumers, so that they can produce products that are more in line with market needs. In addition, the selection of effective distribution channels can help SMIs reach a wider market and expand market coverage..

The importance of the marketing strategy, the researcher interviewed the owners and managers of three SMIs including Handicraft Industry, Food and Beverage Industry and Fashion Industry in Jabodetabek area. Based on the results of the interview, the data obtained:

SMI A - Handicraft Industry

The product marketing strategy of SMI A has three important components, namely determining the right market segment, selecting effective distribution channels, and setting appropriate prices. First, SMI A determines the right market segment, namely the upper middle class who care about the value of art and culture. This is done so that the products produced can attract the desired market interest and get added value from the artistic and cultural values packed in the product. Second, the selection of effective distribution channels is done by selling products through online stores that are integrated with social media. With the integration of online stores and social media, SMI A can reach a wider market and promote its products effectively. In addition, with an online store, consumers can easily see the products being sold and make purchases quickly and easily. Third, pricing in accordance with product quality is an important factor in the product marketing strategy at SMI A. The price set must take into account product quality, production costs, and also market purchasing power. With the right price, consumers will feel satisfied with the quality of the products they get and SMI A can earn adequate profits to develop its business.

SMI B - Food and Beverage Industry

The product marketing strategy of SMI B includes several aspects, namely determining the right market segment, selecting effective distribution channels, and setting appropriate prices. In terms of determining market segments, SMI B targets the general public who like traditional Indonesian food and beverages, which can include various ages and backgrounds. This is in line with the characteristics of SMI B's products, which are traditional Indonesian food and beverages that have their own charm and uniqueness. For the selection of distribution channels, SMI B uses online stores as the main channel to market its products, which can reach a wider market. In addition, SMI B also establishes partnerships with traditional shops such as stalls and

markets to expand market reach and improve product accessibility. This strategy can help SMI B expand its market and reach a wider range of potential consumers.

Finally, appropriate pricing is also an important factor in the product marketing strategy of SMI B. The price offered must be in accordance with the quality of the product and competitive with the market price in order to compete with similar products on the market. In this case, SMI B can also consider its product advantage factors, such as quality raw materials and traditional production processes to set higher prices and position the product as a premium product.

SMI C - Fashion Industry

The marketing strategy at SMI C is done by determining the right market segment, namely teenagers and adults who want to look fashionable with affordable clothes. This is an effort to focus on a particular market so that marketing can be more effective. In addition, to reach a wider market, SMI C uses effective distribution channels such as selling products through online stores and by collaborating with local fashion stores that have the same target market. In SMI C's marketing strategy, it is also important to pay attention to pricing in accordance with product quality and market prices. Prices that are too expensive can make potential buyers reluctant to buy, while prices that are too low can make consumers doubt the quality of the product. Therefore, proper pricing is an important factor in the marketing strategy.

Based on the research, the three SMIs have different marketing strategies, however, there are some similarities. One of these similarities is in terms of determining the right market segment. The three SMIs have a clear and specific target market, so they can customize the right products and marketing strategies to meet the needs and desires of their consumers. In addition, the three SMIs also choose effective distribution channels. They utilize online platforms such as online stores and social media to sell their products, thus reaching a wider market and increasing product exposure. However, they also do not forget traditional distribution channels such as local shops that can help them reach different markets. Lastly, pricing according to product quality and market price is also an important factor in the product marketing strategy of the three SMIs. They have to consider various factors such as production cost, profit margin, and market competition to determine the right price for their products. With the right marketing strategy, the three SMIs can increase their sales and expand their market.

CONCLUSION

Small and Medium Industries (SMIs) are an important sector in the Indonesian economy. However, they often face challenges in marketing their products due to limited resources and restricted market access. Therefore, an appropriate marketing strategy is needed to help SMIs increase their sales and expand their market. Based on the research findings, it was found that the three SMIs studied have different marketing strategies. However, there are similarities in important aspects of the marketing strategy, such as identifying the right target market and choosing effective distribution channels. In addition, appropriate pricing is also an important factor in the SMIs' marketing strategy. Based on these conclusions, it can be concluded that a proper and effective marketing strategy can help SMIs in increasing their sales and expanding their market. Therefore, it is necessary to pay serious attention to the marketing aspects of products in SMIs in order to compete and survive in an increasingly competitive market.

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