

# Marketing Strategy Analysis of Small and Medium Enterprises (SMEs) Leather Craft Industry in Sukaregang, Garut Regency

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**Abstract.** MSME (Micro, Small, and Medium Enterprise) aimed at entrepreneurs who run capital businesses use their money, with limited business assets and the number of workers is not too much. The center of the leathercraft industry Sukaregang, Garut, West Java has grown since the 1930s. Behind the success, it turns out that there are a concern and anxieties. Sukaregang's leather craft center is arguably not growing optimally. Tight competition with a growing number of entrepreneurs makes them experience difficulties in selling products. The solution to the problem offered is to apply appropriate marketing strategies to support sales. In this research, 4 marketing strategies will be applied, namely segmenting, targeting and positioning strategies, marketing mix strategies, internal and external analysis strategies, and SWOT matrix analysis strategies. Expected by implementing this strategy analysis business operators in Sukaregang, Garut Regency can compete in a bigger market and be able to develop in selling their products.

**Keywords:** MSME, leather craft industry, marketing strategies analysis

## INTRODUCTION

According to data reported by the Ministry of Cooperatives and Small and Medium Enterprises, there are around 59 million MEs entrepreneurs in Indonesia. The contribution of the micro, small, and medium business sector to gross domestic product increased from 57.84% to 60.34% in 2016. Employment absorption in this sector also increased from 96.99% to 97.22% in the same period. MSMEs have a proportion of 99.99% of the total business operators in Indonesia or as many as 56.54 million units. Therefore, cooperation for the development and resilience of SMEs needs to be prioritized.

And one of the MSMEs that becomes the axis

of the national economy is the leathercraft industry in Sukaregang, Garut Regency. The industrial center of leather craftsman Sukaregang, Garut, West Java, has been growing since the 1930s. In its journey, the people's industry experienced have fluctuation, both in terms of capital, raw materials, and marketing. Even so, the quality factor never decreased there is always an increase from year to year. At present, there are 330 business units spread across almost all corners of Kampung Sukaregang.

Data from the Department of Industry and Trade Garut said the domestic leather needs of 20% of the total national production which reached 60,000-70,000 tons/year was supplied from this Sukaregang leather craftsman center. At present, the leather production capacity of this center has only reached 1,500 tons/month involving more than 1,285 workers.

Behind that success turned out to be a concern as well as anxiety. In fact, at this time Sukaregang's skin center is arguably dead unwilling to live unwillingly. Tight competition with a growing number of business actors makes them experience difficulties in selling products. Businesses must continue to innovate and put more effort into managing marketing. The solution to the problem offered is to implement appropriate marketing strategies to support sales. In this research, 4 marketing strategies will be applied, namely segmenting, targeting and positioning strategies, marketing mix strategies, internal and external analysis strategies, and SWOT matrix analysis strategies.

The first strategy is the segmenting, targeting, and positioning strategy. Segmentation is the process of dividing larger markets into smaller pieces based on one or more meaningful characteristics [1]. By carrying out market segmentation, marketing activities can be done more directed and the company's resources can be used more effectively and efficiently to provide satisfaction for consumers. Targets are groups selected by companies to serve as customers as a result of segmentation and targeting and positioning is developing marketing strategies that

aim to influence how a particular market segment views an item or service compared to the competition. The determination of market position shows how a product can be distinguished from its competitors.

Second is a marketing mix strategy, which is a sales or promotion strategy and pricing that is unique and designed to produce a mutually beneficial exchange for the intended market. This marketing mix is increasingly growing, especially in the field of services, not only covering product, promotion, place, and price (4P), but also reviews in terms of, people, process, and physical evidence which is further known in the term marketing service mix as 7P. This concept will be adjusted to the condition of the service company that will implement it, but in general, the 7P concept (product, price, place, promotion, people, process, and physical evidence) is used to make decisions in making marketing communication strategies.

The third is internal (IFAS) and external (EFAS) analysis strategies. Internal and external strategy factor analysis is the processing of strategic factors in the internal and external environment by giving weighting and rating to each strategic factor. Strategic factors are the dominant factors of strengths, weaknesses, opportunities, and threats that influence the existing conditions and situations and provide benefits if positive actions are taken [2]. And the fourth is the SWOT matrix analysis strategy. SWOT analysis is a strategic planning method that is used to evaluate the strengths and weaknesses of an organization's internal, as well as opportunities and external threats to an organization or business speculation.

## METHOD

The form of research used is descriptive research with a qualitative approach using primary data and secondary data. Primary data is obtained directly from someone responsible for the UMKM to be examined who has the competence to provide information directly by interview and observation. Observation techniques are used to see and also to observe changes in social phenomena that develop or grow which can then be changed from the assessment [3]. According to Sugiyono observation is a research process by observing a condition of the observational materials [4]. The types of observations include structured observation, unstructured observation, participant observation, and non-participant observation. Observations were made to obtain data on activities in the Leather Industry in Sukaregang, Garut Regency as the object of research.

This interview process occurs with the existence of back and forth communication between the interviewer and the interviewee, to explore the specific topics discussed. The interview

is a verbal debriefing process, where two or more people handle physically, people can see the face of others and listen to their ears, it turns out that direct information is a means of collecting data on several types of social data, either hidden or manifest [5 ] Document, is a record of events that have passed [6]. That is intended to obtain written data from the Garut Sukaregang Leather Industry in the form of a brief history of the leather industry, organizational structure, and data related to marketing that are expected to be a reference in analyzing problems in this study.

## RESULT & DISCUSSION

### Segmenting

Market segmentation variables are divided into 4, namely behavior and attitude segmentation, demographic segmentation, geographic segmentation, and psychographic segmentation.

#### 1. Behavior and Attitude Segmentation

This segmentation classifies buyers based on knowledge of the use or reaction to a product. These products from Hunter Design can be segmented into a lightweight (rarely use leathercraft products), medium (often wearing leathercraft) products, and heavy (often and regularly use leathercraft products).

#### 2. Demographic Segmentation

Demographic segmentation is the segmentation that concerns age, gender, occupation, income, religion, race, citizenship, education, and others. These products from Hunter Design are suitable for use by teenagers, adults, and parents, both male and female. Products from Hunter Design such as jackets, bags, shoes are also suitable for people with middle to upper income considering the prices of products that reach hundreds of thousands or even millions of rupiah.

#### 3. Geographic Segmentation

Geographic segmentation is divided into regions, city size, population density, climate, and topographical conditions. Products from Hunter Design such as leather jackets are better marketed in big city areas with a cool or cold climate. Even if it is marketed in a big city with a tropical climate, it is good to be marketed to people who are happy or like to use motorbike every day for activities that enter psychographic segments.

#### 4. Psychographic Segmentation

Psychographic segmentation concerns the lifestyle and personality of the consumer itself. These leather craft products from Hunter Design itself follow the lifestyle of the people with jackets, bags, shoes that are made by current fashion trends, and by grouping customers. Modern and traditional customers by looking at activities, fun, social, and environment where these customers are located. Consumers who like to ride motorbikes for their daily activities are fond of wearing leather jacket

products, or mothers who like a social gathering or gathering with friends and relatives will love to wear famous leather bag products that are indeed good and durable.

The target market is a rather homogeneous group of consumers to whom the company or business wants to approach to be able to attract it to buy the product being marketed. After evaluating different segments, the company can consider two patterns for selecting target markets, namely:

1. Product Specialization

The specialties on the development of leathercraft products offered by Hunter Design are: leather bag, leather jacket, leather wallet, leather shoes, leather hats, leather gloves

2. Market Specialization

There are 2 targets of Hunter Design,

- a. Government Institution, Hunter Design can try to offer leathercraft products to several Government Institutions such as leather jackets, leather shoes, ID Card Holders made of leather.
- b. Private, Hunter Design can also offer its leathercraft products to private parties such as offices

**Marketing Mix**

1. Product

Product is anything that can be offered in the market to get attention, demand, usage, or consumption that can fulfill wants or needs ". Products are not only always goods but can also be services or a combination of both [7]. The product strategy undertaken by Hunter Design is to use materials that use high quality. For the design of leathercraft products from Hunter Design follow current trends that can also be used for millennials.

2. Price

Price is, "The amount of money (plus some products if possible) needed to get a combination of goods and services". After the product is ready to be marketed, the company will determine the price of the product. The price of an item or service is a determinant of market demand, the price can affect the company's competitive position and also affect its market share. Hunter Design sets prices based on 2 factors, namely total cost + margin which makes it the selling price. The selling price issued by Hunter Design is by the quality of the goods given and at a competitive market price.

3. Place

The place in the marketing mix is usually called the distribution channel, the channel where the product reaches the consumer. Distribution channels are, "Channels used by producers to distribute these products from producers to consumers or industrial users". [9].

Customers of Hunter Design are located in almost all regions of Indonesia. So that goods can get to the buyer quickly, the strategy used is first by opening a shop on the main road Sukaregang so that buyers can come directly to the store, or by relying on courier services such as JNE, TIKI for purchases via bank transfer, or e-commerce.

4. Promotion

Promotion is a form of marketing communication. What is meant by marketing communication is marketing activities that seek to disseminate information, influence or persuade, and remind target markets for companies and their products to be willing to accept, buy, and be loyal to the products offered by the company concerned [10]. Promotional activities carried out by Hunter Design is to offer colleagues and friends. Hunter Design also writes all the addresses of both the main and branch stores in plastic which will be taken to be the buyers' leather craft places when they come to the store. In online promotion, Hunter Design has a blog and also some social media for promotion.

**Internal and External Factor Analysis**

SWOT analysis is a useful strategic planning technique for evaluating Strengths and Weaknesses, Opportunities, and Threats in a project, both ongoing projects and in planning new projects. SWOT analysis is also a tool for qualitative research techniques to systematically identify various factors to formulate strategies to increase sales. This analysis is based on the logic that can maximize strengths and opportunities but simultaneously can minimize weaknesses and threats. The total score for strength 3,60. The total score for weaknesses 1,80. The total score for opportunity 3,35 and threats 1,5. The company position determination can be drawn as the following SWOT matrix:

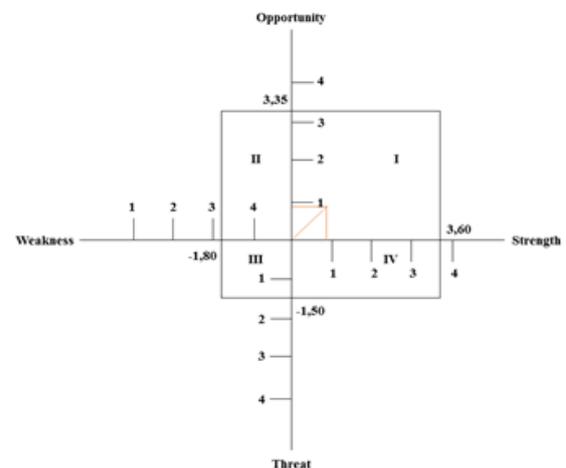


Figure 1. IFAS and EFAS Analysis Diagrams

### CONCLUSION

Based on STP Analysis (Segmenting, Targeting & Positioning), it can be concluded that the division of segments, targets, and positions studied follows the conditions carried out and executed by Hunter Design. Based on the Marketing Mix Analysis (Marketing Mix), it was concluded that the marketing mix factors studied had a strong influence on sales. This after being analyzed through 7P namely product, price, place, promotion, people, physical evidence, and process. Based on Internal Analysis (IFAS) and External (EFAS), it can be concluded that Hunter Design is in quadrant I which means that it is under the state of Hunter Design as a business actor that is growing and developing. Based on the SWOT Matrix Analysis, it is found that the most appropriate method used by Hunter Design is the SO strategy formulation, which is a strategy using strength to take advantage of opportunities owned by the company, namely: Adding a new leathercraft production line to increase sales results, Setting up a warehouse to place leathercraft products which have been completed in production.

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