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Setting Strategic Priorities of Floss Marketing Mix in SME "Raja Abon Makmur Lestari", Pangkalpinang

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Abstract

Raja Abon Makmur Lestari (RAML) is a home industry that produces a various types of flosses both from animal and vegetable. In terms of marketing, the owner faces obstacle such as the fluctuated sales, lack of manpower, unachieved targeted turnover, as well as the high competitiveness in the industry. Thus, the marketing strategic is required to solve the issue. Marketing mix is one of the ways as the marketing strategic to create purchasing decision on the consumers. Case study was used as the approach of the study. The owner and the consumer were the respondent of the study. Quantitative strategic planning matrix (QSPM) was used as a data analysis method. It was used to determine marketing strategic priority based on the internal decision. The descriptive analysis was also used to evaluate the marketing mix. The study found that the marketing mix priority was put in order: promotion, product, place, and price. Furthermore, the priority of sub promotion mix was direct marketing, public relation, mass media and social media. The study was beneficial for the RAML to determine future marketing strategic so that the goals setting will be achieved effectively and efficiently.

Introduction

Agricultural commodity usually has a short period of time to store as most of them are perishable (Bahtera, Evahelda, Atmaja, Setiawan, & Irwanto, 2019; Yulia, Bahtera, & Evahelda, 2019). The effort on extending the shelf life of agricultural products and providing an added value through food processing (Yulia, Putri, & Purwasih, 2019). It can create various product such as floss.

Floss is one of the products in food industry that has quality standard verified by the ministry of industry. The development of food industry in Indonesia triggers the start-up on food processing product. The entrepreneurs compete in creating the innovative food products based (Astuti, Bahtera, & Atmaja, 2019; Rezqi & Ghina, 2015). RAML is one of SMEs that innovates the food product based. At the beginning, RAML faces the obstacles such as limited marketing access, lack of manpower, high competitiveness product and financing source (Yulia, Bahtera, Evahelda, Hayati, & Bahtera, 2020).

The income of RAML fluctuates due to the unstable selling activity. It indicates that the marketing strategic has not been optimized (Yulia, Bahtera, et al., 2019). Thus, it requires the reformulation of effective marketing strategic through marketing mix analysis so that the marketing activity of RAML can be optimized. Due to the obstacles faced by the owner in marketing activity, it requires the setting strategic priority on marketing mix of floss. The

decision on the proper marketing mix as well as the organizer factors will help the business to tackle the issue and achieve the goals (Selang, 2016).

Another solution to tackle the issue is by evaluating the implemented marketing mix strategy through consumer assessment. Selang (2016) argues that consumer has a vital role in product marketing. Hence, the consumer assessment is needed as an evaluation form for the owner and as the cross and check for the researcher. Thus, the study aims to formulate the setting strategic priorities on the effective marketing mix to implement in floss marketing activity of RAML.

Methods

A study was conducted in Pangkalpinang, Bangka Belitung Island Province. RAML produced floss with premium quality. Both internal and external respondents were decided as the respondent of the study. Purposive sampling was used to collect data from internal respondent while convenience sampling was applied to collect data from the external respondent.

There were both qualitative and quantitative analyses were decided to process and analyze the data. The descriptive analysis was used to determine and evaluate the floss marketing activity applied by RAML through marketing mix approach which were product, price, promotion, and place. The level of consumers' perception was measured by five scales: strongly agree, agree, fairly agree, disagree, and strongly disagree (Selang, 2016). Furthermore, the gained data from consumers' perception was calculated by using descriptive tabulation.

QSPM Analysis

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Mujahid *et al.*, (2018) stated that there were few steps on formulating the decided strategy through QSPM, they were: (a) registering the opportunity, threat, strength, and weakness; (b) providing score on each critical success factor on both internal and external; (c) identifying the proper alternative strategy to implement; (d) establishing the attractiveness score on each decided alternative strategy.

Score 1 = unattractive; Score 2 = fairly attractive, Score 3 = attractive, and Score 4 = strongly attractive.

Results and Discussion

The Identification Factors on Setting Priority of Marketing Mix

The decision making on the strategic priority of the marketing mix through QSPM method required hierarchical decision modelling (Kotler & Keller, 2012). The hierarchical priority on marketing mix was adjusted with the interview result on people in RAML as well as based on the observation result. Thus, it was broken into four levels.

The first level was at the decision making process on appropriate marketing mix strategy. The second level was at the objective of marketing goals related with the applied marketing mix strategy. The third level was the implemented marketing mix: product, price, promotion, and place. The last level was choosing each needed criteria of strategy to be an operational strategy. The hierarchical marketing mix of RAML was as shown by Figure 1.

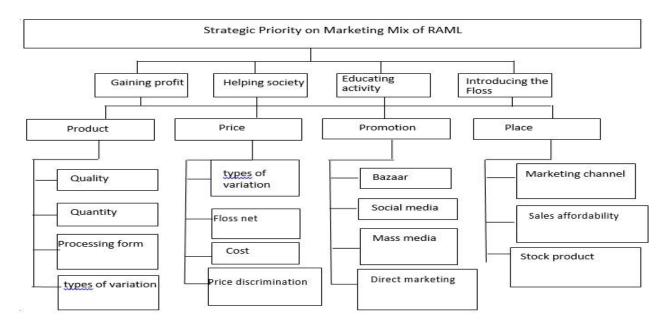


Figure 1. Strategic Priority

Source: Primary Data Processing

Priority Analysis on Marketing Mix

Priority analysis on marketing mix was conducted by both horizontal and vertical processing (Asmarantaka, 2014). Horizontal processing analysis was broken into three parts: level two, three, and four processing. Horizontal processing aimed to view the priority of an element towards another higher one level of element. Meanwhile, the vertical processing was broken into two parts: level three and four processing. It aimed to identify the whole priorities on each element towards the main focus of hierarchy.

Marketing Mix Priority based on Marketing Objective

The determination on the marketing mix priority of RAML product was the level three horizontal processing in order to understand the priority element of marketing mix towards the marketing objective. The result of the level three horizontal processing was shown at tabel 1.

Objective	Marketing Mix			RI	
	Product	Price	Promotion	Place	
Gaining					
profit	0.36	0.07	0.44	0.14	0.08
Helping					
society	0.06	0.27	0.55	0.13	0.06
Educating					
activity	0.30	0.07	0.48	0.15	0.10
introducing					
the floss	0.29	0.06	0.52	0.15	0.05

Table 1. Score and Marketing Mix Priority based on Marketing Objective

The result on level three horizontal processing showed that promotion mix was most influential component towards the four objectives of marketing. The score of promotion mix was the highest one among the other part of marketing mix. It became the most prioritized

activity to achieve the marketing objective. The owner of RAML considered that the promotion was dominantly influenced the marketing of the product. Thus, the promotion strategy became the most prioritized one. The owner of RAML argued that the product was premium quality. Without market, the product was relatively difficult to be familiarized. Thus, the promotion was vital to be conducted. The promotion of RAML was considered as optimal as it applied the direct marketing, involved with SME's product exhibition and established the education center.

Sub Marketing Mix Priority based on Marketing Objective

The determination on the sub marketing mix priority on RAML was the level four horizontal processing. It identified the sub marketing mix priority towards each marketing objective. The result of the level four horizontal processing on sub marketing mix element was to gain profit. It was shown on table 2.

Table 2. Score and sub marketing mix priority based on the marketing objective: to gain profit

Marketing mix	Sub marketing mix	RI
	Quality (0.29)	0.07
	Quantity (0.07)	
	Processing form (0.16)	
Product (0.29)	Types of variation (0.49)	
	Types of variation (0.12)	0.09
	Net weight (0.56)	
	Operational cost (0.26)	
Price (0.07)	Price discrimination (0.07)	
	Event/bazaar (0.24)	0.03
	Direct marketing (0.49)	
	Social media (0.06)	
Promotion (0.49)	Mass media (0.31)	
	Marketing channel (0.07)	0.06
	Product affordability	
	(0.64)	
Place (0.15)	Stock (0.28)	

The horizontal processing for the gaining profit showed that the marketing mix priority was put in order: promotion, product, place, and price. The direct marketing was a main priority on promotion mix with score 0.49. Bazaar and word of mouth were the medium of RAML to market its product. It led the product being familiar with Pangkalpinang people, particular local department, and some other local institutions.

The second priority was mass media. It positively affected the promotion activity of floss. The product was well-known and it often involved with the regional and national event held by related department such as trade department, SME department, etc. It then broadcasted by local mass media.

The event was the third priority on promotion mix. To gain profit, RAML had done some events such as bazaar, local, national, and international exhibition. Whereas, the social media was the fourth priority on the promotion mix. In the sub production mix, the priority was put in order: types of variation, quality, processing form, and quantity with score 0.49, 0.29, 0.15, and 0.07 respectively. Meanwhile, the sub place mix priority was put in order: sales

affordability, stock product, and marketing channel with score 0.64, 0.28, and 0.07 respectively.

The price was the last priority on promotion mix. The sub production mix was put in order: net weight of floss, operational cost, types of variation, and price discrimination with score 0.56, 0.26, 0.12, and 0.07 respectively.

The Objective of Helping Society

The result of four level horizontal processing in the objective on helping society was that the promotion marketing mix as the most prioritized one. The sub direct marketing mix became the first priority in the promotion mix with the score 0.52. The RAML stated that to help society, it required the sustainable marketing and product selling. If the product sold quickly, RAML sustainably produced the floss. It benefited the society as the raw material supply received from the society.

One of the effective ways to achieve sustainable marketing was with promotion. Promotion was able to improve the selling number of the product as consumer received an up-to-date information about the product. Direct marketing had a vital role in increasing the sales and extending the market share. Many consumers came to bazaar to have some activities such as having discussion, doing assignment and utilizing the free time by testing the floss so that the sales would be increased. The consistency ration on sub promotion mix was 0.08. It fulfilled the consistency requirement.

The marketing mix of price was the second prioritized on the objective of helping society. Sub net weight of floss became the first price marketing mix with the score 0.53. RAML considered that the net weight of floss had a crucial role in raw material supply as the floss derived from 100 % natural ingredients. The consistency ratio on sub price mix on helping the partner farmers was at 0.09 score. It meant it fulfilled the consistency requirement.

The marketing mix of place became the third prioritize on the objective of helping society. The sub product affordability on marketing mix became the main prioritized with 0.63 score. It meant that the consumer was able to receive the product. Thus, RAML was mainly concerned on the place component with the affordability of the product strategy. One of the ways to do was by adding the distributor and sales partners. RAML was at the process to be franchise so that the product was able to sell in small booth. It was expected that the consumer was able to access the product.

The final priority on the objective of helping the farmer partner was production mix. The sub quantity of the marketing mix became the main prioritized with score 0.54 while the final prioritized was at score 0.07. RAML argued that the quantity of product may support the business of the society in terms of the raw materials supply compared with the processing form.

The processing form was found that affected the farmer partner. The consistency ratio on the RAML of the sub product mix. The activity aimed to help society with 0.08 score. All of the scores on the objective to help society was as follows:

Table 3. Score and sub marketing mix score based on the objective of helping society

Marketing mix	Sub marketing mix
	Quality (0.14)
	Quantity (0.54)
Product (0.06)	Processing form (0.08)

	Types of variation (0.25)	
	Types of variation (0.13)	
	Net weight (0.63)	
	Operational cost (0.27)	
Price (0.27)	Price discrimination (0.07)	
	Event/bazaar (0.26)	
	Direct marketing (0.52)	
	Social media (0.08)	
Promotion (0.55)	Mass media (0.16)	
	Marketing channel (0.11)	
	Product affordability	
	(0.63)	
Place (0.13)	Stock (0.26)	

The Objective of Educating Activity

The result of fourth level of horizontal processing on the objective of education activity was that promotion mix became a first priority. The direct marketing was the first priority on the promotion mix with score 0.7. RAML staff argued that majority of the people was not aware on the benefit of floss. Thus, RAML created the floss as the education center.

RAML offered a consultation service related with floss so that many beginners consulted about processed vegetable floss. The educating activity aimed to encourage local people to have a nutritious food. One of the ways to educate the consumers was through direct marketing (Yulia et al., 2020). Consistency ratio on sub promotion mix was 0.06 which fulfilled the consistency requirement.

Product marketing mix became a second priority on the objective of educating activity. The quality was a first priority at the sub marketing mix with score 0.50. RAML considered that the product played a vital role in the educating activity as the quality of the product became and indicator in the educating activity. Consistency ratio at product marketing mix with score 0.08 which fulfilled the consistency requirement. The place marketing mix became a third priority on the objective of educating activity.

The first priority on the sub marketing mix of place was product affordability and product stock with score 0.43. The marketing channel was a second priority on this sub marketing mix with score 0.14.

The price became the fourth prioritized on the objective of educating activity. The first priority on the sub marketing mix of price was types of variation while the second one was operational cost with score 0.47 and 0.08 respectively. The consistency ratio of the sub marketing mix of price was 0.09 which fulfilled the consistency requirement. The result of level four of horizontal processing on the element of sub marketing mix with educating activity as the objective was shown at table 4.

Table 4. Score and Sub Marketing Mix Priority with Educating Activity Based

Marketing mix	Sub marketing mix
	Quality (0.50)
	Quantity (0.08)
	Processing form (0.16)
Product (0.30)	Types of variation (0.26)
Price (0.07)	Types of variation (0.47)

	Net weight (0.28)
	Operational cost (0.08)
	Price discrimination (0.18)
	Event/bazaar (0.22)
	Direct marketing (0.69)
	Social media (0.09)
Promotion (0.48)	Mass media (0.09)
	Marketing channel (0.14)
	Product affordability (0.43)
Place (0.15)	Stock (0.43)

The Objective of Introducing the Floss

The result of level four of horizontal processing on the objective of introducing the floss showed that the sub marketing mix of promotion became the first priority. The direct marketing was the first priority on the sub marketing mix of promotion with score 0.62.

In terms of product, the quality was the first priority with score 0.57. RAML stated that the quality was the main concern they offered to the consumers. The processing ingredients derived from animals and vegetables were well-known as the main raw material of the floss.

The third priority on the marketing mix was place. Product affordability was the first priority on the sub marketing mix of place. The consistency ratio of the product affordability was 0.04 which fulfilled the consistency requirement.

The price was the last priority on the objective of introducing the floss. Net weight was the first priority on the sub marketing mix of price with score 0.45. The consistency score was 0.06 which fufilled the consistency requirement. The score and the priority of the sub marketing mix with introducing the floss as the objective was shown at table 5.

Table 5. Score and Sub Marketing Mix Priority with Objective of Introducing the Floss

Marketing mix	Sub marketing mix	
	Quality (0.57)	
	Quantity (0.17)	
	Processing form (0.09)	
Product (0.29)	Types of variation (0.11)	
	Types of variation (0.45)	
	Net weight (0.45)	
	Operational cost (0.26)	
Price (0.06)	Price discrimination (0.19)	
	Event/bazaar (0.21)	
	Direct marketing (0.62)	
	Social media (0.05)	
Promotion (0.52)	Mass media (0.16)	
	Marketing channel (0.16)	
Place (0.15)	Product affordability (0.59)	

Stock (0.25)

Marketing Mix Priority of RAML

Further processing was the vertical processing. It was analysed to gain the priority in each element towards the main concern. The level two of vertical processing was not conducted was the result was similar with the level two of horizontal processing. Thus, the vertical processing was broken into two levels: level three and four. The result of the level three of vertical processing was illustrated at table 6.

Table 6. Score and Marketing Mix Priority

Marketing	Score	Priority
Mix		
Product	0.31	2
Price	0.09	4
Promotion	0.48	1
Place	0.14	3

The result of level three of vertical processing showed that promotion mix was the first priority with score 0.48. Promotion became the first priority due to the urgent of promotion above others as without promotion the product would not be known. If so, the chance of consumer to consume the product was small. Hence, promotion mix in the marketing activity of RAML became the main priority.

The marketing mix of product was the second priority with score 0.31. RAML considered that the product was the main asset in the business. Without product the business will not be run. Thus, RAML was also conerned on the product they produced to fulfill the need of consumers.

The third priority was marketing mix of place with score 0.14. The place or distribution facilitated the consumers to get the product. The marketing mix of price became the last priority. RAML was not really concerned on the price. They argued that the price did not affected the consumers' purchase intention. If the consumers were loyal or fast food lovers, they tent not disturbed with the price. Thus, the marketing mix of price became the last priority eventhough ir generated revenue. RAML did not identify the price of the competitors so that they did not know whether their price above or below the price of competitors.

Priority of Sub Marketing Mix in RAML

The result of vertical processing provided the information about the whole priority of the sub marketing mix from each marketing mix towards the main concern. The main priority of the marketing mix was promotion with direct marketing as the main priority at the sub marketing mix. It fitted with the main objetive of marketing: gaining profit. To achieve, RAML involved with some events or bazaars and created production shop so that the business would be sustainable and profitable. The score of direct marketing score was 0.47 followed by event with score 0.24.

In the marketing mix of product, the main priority for sub marketing mix was types of variation with score 0.36. Various types of product offered by RAML became the main priority at the marketing mix of product as they ensured in fulfilling the want and need of consumers.

The third priority of the marketing mix was place with product affordability as the main priority ad the sub marketing mix of place with score 0.58. When the product was not

affordable, the consumers tent to subtitute the product. Thus, the product affordability was also crucial to be taken into account.

Net weight was the main priority at the sub marketing mix of price. Net weight affected the selling price of the floss. The floss was made by natural ingredients. Thus, the net weight was vital in pricing method. The result of level four of vertical processing was shown at table 7.

Marketing Mix	Sub Marketing Mix	Score	Priority
Product	Quality	0.36	2
	Quantity	0.13	4
	Processing form	0.14	3
	Types of Variation	0.36	1
Price	Net weight	0.47	1
	Operational cost	0.21	2
	Price discrimination	0.11	4
	Marketing channel	0.10	3
Place	Product affordability	0.58	1
	Event/bazaar	0.24	2
	Product stock	0.32	2
Promotion	Direct marketing	0.47	1
	Social media	0.08	4
	Mass media	0.21	3

Table 7. Score and Priority of Sub Marketing Mix of RAML

Conclusion

The analysis using showed the objective of the business was to gain profit with score 0.54. It became the main priority of the business. Vertical processing result showed that promotion was the main priority in the marketing mix. Its score showed the highest one on both vertical and horizontal processing result. The sub marketing mix of promotion was considered as effective through direct marketing in the shop of RAML.

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