



## Proposed Strategies to Increase Conversion Rate and to Compete with the Competitor for Sarinah Speciality Store

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### Abstract

This study examines the conversion rate performance of Sarinah Specialty Store and its rivalry with competitors, despite the store's significant role in promoting local Indonesian items and small and medium-sized enterprises (SMEs). This study aims to analyze the factors of the Indonesian society fondness and the consumer insights to enhance the conversion rate of purchases at the Sarinah Specialty Store. Additionally, it intends to develop a competitive strategy for batik and fashion products in the market. This study encompasses exploratory research, where data was collected from a of 120 participants and a survey website. The collected primary and secondary data was then put through qualitative approach to uncover the factors that trigger visits to the store and the specific preferences of batik and fashion consumers. The findings of this study offer a comprehensive understanding of how trigger factors can be utilized as attributes to formulate effective tactics, increase conversion rates, gain a competitive edge over rivals.

## Introduction

Over the years in Indonesia's retail market, Sarinah has played a pivotal role in driving the nation's retail sector forward, specifically by promoting and nurturing local products and SMEs (Small and Medium Enterprises). Sarinah's primary goal is to provide customers with a comprehensive one-stop shopping destination encompassing many high-quality products across diverse categories. Sarinah promotes and celebrates Indonesian culture, including fashion, cosmetics, and crafts, and develops local partnerships. Sarinah takes immense pride in promoting Indonesian culture, supporting local artists, and exhibiting their talents and partnerships worldwide.

As stated by Fetty Kwartati, the Chief Executive Officer of PT Sarinah, in the Women Entrepreneur publication 2023, Sarinah encounters many significant obstacles within the retail sector. Examples of the shifting market dynamics include the impact of the COVID-19 pandemic, changing customer preferences, intense competition, resource constraints, and technical restrictions (Adianti, 2021). Nevertheless, organizations must adjust and take proactive measures to maintain their competitive edge. Through proactive analysis of industry trends, strategic investment in market research, and effective utilization of data analytics, we may acquire vital decisions about customer behavior. Furthermore, Fetty Kwartati strongly advocates cultivating a flexible organizational culture that promotes innovation and embraces technology. By doing this, Sarinah can improve operational efficiency and stay relevant in the market ([womenentrepreneurindia.com](http://womenentrepreneurindia.com)).

The competition between Sarinah's Speciality Store and Alun Alun Indonesia for the Jakarta market is quite intense due to the exceptional quality of the Indonesian goods (Harry, 2019). Intense competition arises since all the companies are providing identical product categories,

prices, and quality. The offerings include Batik, Craft & Souvenirs, F&B (Cocoa, Coffee, Tea, Snacks), and Other Goods (Accessories, Shoes, Bags, Beauty, Wastra).

To stay competitive in this rapidly changing market, it is crucial to determine the distinctive characteristics of our product compared to our competitors. This involves understanding our strengths and acknowledging our weaknesses to effectively communicate the true value of our offering to consumers (Day & Wensley, 1988; Barney, 1995). Additionally, we must be adaptable and communicate our strategic approach to regain our position in the market. Companies must be aware of their competitors' actions to closely monitor consumer perception and seize opportunities to win over customers. According to the PwC's Market Winners Survey 2023, 44% of companies who were successful in the market were invested in customer-centric business transformation, as shown in Figure I.1. The emphasis on customer-centric not only promotes brand loyalty and trust but also distinguishes successful companies in the market, demonstrating sustainability through client interactions.

## Methods

### Research Design

A research design is the arrangement of data collection and analysis conditions to combine procedural economy with relevance to the research purpose (Kelman, 1965; Dźwigoł, 2021). It involves the utilization of various methodologies, approaches, and strategies in obtaining and examining data, all while considering the research objectives, the resources, and any limitations that may exist. An extensively planned study design serves to mitigate bias, optimize the reliability of data, and establish the fundamental framework for the entirety of the research project. The methodology can exhibit flexibility in exploratory studies, a structured approach in descriptive and diagnostic research, or an experimental design in hypothesis-testing studies. The design encompasses the establishment of objectives, the selection of techniques for data collecting, the process of sampling, the processing of data, the analysis of data, and the communication of research findings to assure their accuracy and significance (Kothari, 2004; Albahri et al., 2023).

### Survey Respondents

A consumer survey was conducted to investigate the factors influencing the criteria to buy batik and fashion products, as well as their preferences between Sarinah and Alun Alun Indonesia. The survey results will serve as data that will subsequently be examined to ascertain the business issue for this research.

For this study, the data will be collected through a survey using Google Form, it is essential to have a sample that accurately represents the target population and enables robust statistical analysis of the correlations between the variables of interest. The methodology devised by Krejcie & Morgan (1970) provides a standardized approach to determine an appropriate sample size statistically representative of different population sizes. This ensures that the sample adequately captures the characteristics of the population within the specified confidence level and margin of error (Krejcie & Morgan, 1970).

$$n = \frac{N \times Z^2 \times P \times (1-P)}{(e^2 \times (N-1)) + (Z^2 \times P \times (1-P))} \quad (\text{III.1})$$

where:

$N$  is the population size (1,603,286)

$Z$  is the z-score for the 95% confidence level (1.96)

$P$  is the estimated proportion (0.5 for maximum variability)

$e$  is the margin of error (9% or 0.09)

$$n = \frac{1603286 \times 1.96^2 \times 0.5 \times (1-0.5)}{(0.09^2 \times (1603286-1)) + (1.96^2 \times 0.5 \times (1-0.5))}$$

$$n = \frac{15397958744}{129875689} \approx \mathbf{118.56}$$

Therefore, the sample size  $n$  rounds to approximately 119. This is the number of respondents needed for this survey, given a 9% margin of error and a 95% confidence level. In fact, the author has collected data from 120 respondents that qualified to be analyzed.

## Results and Discussion

### Trigger

Table 1. Trigger (The Indonesian Society Fondness Attributes)

Total Source	Fondness	Count	(%)
1.772	Entertainment	1347	76.02
	Culinary Inspiration	1117	63.04
	Fashion Inspiration	869	49.04
	Skincare Inspiration	868	48.98
	Tech-based Entertainment	586	33.07
8.510	Health	3146	36.97
	Sport	2922	34.34
	Culture and Tourism	1887	22.17

The data results have been obtained from two Databoks sources, as outlined in the previous chapter. This data is significant as it catalyzes Indonesians to trigger others to explore due to their fondness for this component. If the society brings its family along, it may participate in this activity and trigger the purchasing of local Indonesian items by employing the tactics examined in the SWOT analysis.

### Consumer Insight

In this analysis, the author explores the data obtained from the 120 responses gathered from the survey respondent, by separating those who chose the 'maybe', 'sarinah', or 'competitor' options. Then the author also separates genders to get a deeper understanding.

Table 2. Sarinah Speciality Store versus Competitor

	Age Group	Gender	(%)
Choose Competitor	30-34	Female	6.67
Choose Sarinah	25-29	Male	3.33
Choose Maybe	40-44	Female	12.5

According to the survey data analyzed using Excel, the most frequent selection of competitors occurred among individuals aged 30-34, particularly women, with a prevalence of 6.67%. Subsequently, individuals who chose Sarinah were predominantly males, comprising 3.33% of the respondents aged 25–29. On the other hand, individuals who selected 'maybe' mainly were women aged 40–44, accounting for 12.5%.

### Consumer Criteria to Choose

In addition, the author also examines the rationale behind choosing Sarinah Specialty Store over Alun Alun Indonesia. The author discusses the outcomes of the respondent survey, explicitly focusing on the results of open-ended questions. These results are then analyzed using word frequency analysis, generating a context relevant to the study conducted in this research. Then the author processes it with Excel to display the tendencies of each attribute by age agroup. The outcomes are visible in the table provided below:

Table 3. Consumer Criteria to Choose

	<b>Age Group</b>	<b>(%)</b>
Price	30-34	12
Assortment	40-44	10
Quality	40-44	6
Comfort	35-39	8
Uniqueness	40-44	12
Motif	30-34	10
Location	35-39	8

According to the provided table, the price and uniqueness features are the most frequently noticed, particularly among individuals aged 30-44 and 40-44, with a prevalence of 12%. At ages 30-34 and 40-44, the assortment and motif components account for 10%. It was found at ages 35-39 at 8% for comfort and location. Meanwhile, quality was found at the age of 40-44 at 6%.

### Batik and Fashion Preference

Table 4. Batik and Fashion Preference

<b>Products</b>	<b>Count</b>	<b>Weight (%)</b>
Handmade batik	56	46.67
Modem Work Batik	41	34.17
Tenon Batik	38	31.67
Men's Short Sleeve Batik	32	26.67
Men's Long Sleeve Batik	30	25.00
Casual Wear	28	23.33
Jumputan Batik (Tie Die)	21	17.50
Ethnic Wear	20	16.67
Outer Batik	18	15.00
Batik Printing	18	15.00
Batik Dress	16	13.33
Denim Wear	8	6.67
Blazzer Batik	8	6.67
Batik Vest	5	4.17
Others	2	1.67

### *High Demand for Traditional Batik*

With "Batik Tulis" leading at 46%, there's a significant consumer preference for hand-drawn batik. This demonstrates a robust market for traditional craftsmanship, which Sarinah can capitalize on given its association with quality and local products. However, the store must ensure the pricing aligns with the perceived value to counteract any negative perceptions of being overly expensive.

### **Modern Batik Work Attire**

"Batik Kerja Modern" at 35% and "Batik Tenun" at 33% indicate a demand for modern interpretations of batik in professional attire. Sarinah can appeal to working professionals, especially given its strategic location near business districts, by expanding its collection in these categories.

### **Men's Batik Garments**

The demand for "Batik Pria Lengan Pendek" (men's short-sleeve batik) is currently at 30%, while the demand for "Batik Pria Lengan Panjang" (men's long-sleeve batik) stands at 28%. There is a demand for the men's batik trend in the market. Sarinah should give primary importance to selecting, enhancing, and promoting products in this market sector, ensuring that the collection remains stylish and appealing to male customers.

### **Casual and Ethnic Wear**

The survey results of 26% for casual wear and 19% for ethnic wear indicate a broad consumer base with a wide range of preferences. Sarinah might capitalize on this opportunity by marketing itself as a comprehensive retailer of both casual and ethnic clothes, providing a diverse selection that appeals to a broader customer base and various events.

### **Innovative Batik Styles**

The customer interest in "Batik Jumputan" (tie-dye batik) indicates a receptiveness to novel and inventive batik designs. Sarinah can consider delving into contemporary batik designs in order to appeal to a younger generation seeking distinctive and fashionable items.

### **Less Demand for Specific Items**

Low percentages for things such as "Sarung Batik" and home accessories like "Gordyn" indicate that these products cater to specific and specialized consumers. Although not the primary emphasis, Sarinah might curate a selective assortment to accommodate consumer requirements.

Table 5. Batik and Fashion Aspects

<b>Products</b>		<b>(%)</b>
Batik	Motif	84.17
	Color	63.33
	Brand	20.83
	Promotion	6.67
	Recommendation	10.83
	Others	18.33
Fashion	Trend	37.50
	Motif, Color, Brand, Uniqueness	69.17
	Brand	12.50
	Promotion	4.17
	Recommendation	10.00
	Others	15.00

According to the author's survey, the primary factor that buyers consider when searching for batik products is the theme, which carries a significance of 84.17. Subsequently, color is observed, possessing a weight of 63.33. Additionally, recommendations can be given a weight of 10.83 as an alternate factor in influencing individuals' purchasing decisions for Batik.

When searching for fashion items, shoppers prioritize themes, colors, and distinctiveness, assigning them a weight of 69.17. Subsequently, there was a trend that carried a weight of 37.50. This suggests that while current trends are influential, the distinctiveness and aesthetic appeal of fashion items are the foremost factors driving purchase decisions.

It's apparent that when consumers in Jakarta search for batik products, the primary attributes they consider are the motif and color, reflecting a strong cultural connection and aesthetic preference (Aisy & Kusumawati, 2023). Similarly, in the realm of fashion, shoppers give substantial importance to trends, motifs, colors, and uniqueness, indicating a desire for items that stand out and resonate with contemporary styles. These insights suggest a market that values tradition in batik while seeking innovation and distinctiveness in fashion (Atiyatunnajah, 2023).

### Batik and Fashion Market Competition

Table 6. Batik and Fashion Market

Products	Count	Weight (%)
Keris Batik	22	18.33
Online Shop	13	10.83
Thamrin City	9	7.50
Danar Hadi	7	5.83
Pacific Place	6	5.00
Kota Kasablanka	4	3.33
Pondok Indah Mall	4	3.33
Alun Alun Indonesia	3	2.50
Shopee	3	2.50
Sarinah		0.83
Others	48	40.00

The table above regarding Batik and Fashion preferences in Jakarta indicates a highly competitive market with Batik Keris leading, possessing the highest count and weight among listed competitors. This implies a strong market presence and consumer preference for Batik Keris. Sarinah, with a considerably lower score, indicates a challenge in market penetration and brand positioning.

The presence of Batik Keris within Sarinah, yet a higher preference for its standalone stores, suggests that consumers may associate Batik Keris with a broader range of options or a different shopping experience than what Sarinah offers.

Online shops score relatively high, showing a significant consumer shift towards digital platforms for Batik and fashion purchases. This could be due to a variety of factors including convenience, pricing, or the availability of a wider assortment online.

The 'Others' category holds a large weight, indicating a fragmented market with many players. This could suggest room for growth and the need for differentiation (Utami & Ekaputri, 2021). Sarinah's current positioning may require strategic adjustments to appeal to consumer preferences that align with the uniqueness and quality of traditional Batik while balancing the competitive price point and convenience offered by other market players.

### Business Solution

Upon analyzing the website from Databox, it becomes evident that the Sarinah Specialty Store faces a significant issue. Primarily, the store lacks any form of entertainment, limiting its offerings solely to product sales. Even within the skincare (beauty) segment with numerous

product lines, the Sarinah Specialty Store has yet to capitalize on its full potential (Renata, 2021). Additionally, the store must effectively utilize culinary inspiration to enhance its offerings. Because Indonesians are intensely fond of being provided with entertainment, culinary ideas, skincare tips, and fashion trends.

Upon further investigation, the author discovered that Indonesians also tend to bring their families along. In the absence of entertainment, the experience can become dull. Additionally, the product does not serve as a shopping destination, as it mainly caters to the batik and fashion segments, with other items being more suitable as souvenirs. Therefore, the subsequent course of action is required:

### Improve Attractiveness

To reduce the threat of substitution, Sarinah Speciality Store need to improve its attractiveness on each segments, which are; 1) Batik & Fashion, 2) F&B (coffee, tea, cocoa, Indonesian snacks), 3) Craft & Souvenirs (crafts, souvenirs, home décor, silver, keris), 4) Other Goods (shoes, bags, beauty, accessories, etc). Below is a table that outlines how Sarinah Specialty Store can improve attractiveness across various product segments by aligning with the Indonesian societal fondness attributes and consumer preferences for batik, fashion, and other goods.

Table 7. Business Solution on Improve Attractiveness

Segment	Affect	Behavior	Cognition
Batik & Fashion	Leverage motifs & contemporary colors	Blend tradition with office needs and family-oriented lifestyle trends	Use entertainment & cultural attributes to promote trendy and culturally relevant products.
F&B	Leverage and implement motifs & colors on the shopping bag awareness	Provide family-friendly options	Use culinary inspiration to create narrative, engage consumers with stories to enrich experience
Craft & Souvenirs	Highlighting the cultural value	Elaborate the quality in craftsmanship	Educate on the cultural significance & heritage behind them, fostering a deeper connection
Other Goods	Demonstrate the product's relevance to the current trend.	solution for office needs and convenience for family shopping	Integrate health inspiration into marketing strategies to trigger consumer

### Solidify the Segmentation of the Target Market

Utilize data from consumer preferences and societal triggers to refine marketing strategies. For example, capitalize on the cultural significance and traditional events that resonate with consumers to create more personalized experiences.

## Urgency

### *Competitive Edge*

As consumer preferences evolve, the ability to tailor products and experiences to specific segments becomes essential for staying competitive. Focusing on the wrong segment or a too-broad approach can dilute the brand's impact.

### *Dynamic Market Needs*

The market competition, especially in batik & fashion, and cultural products, is subject to rapid changes in trends. Addressing the 'maybe' segment can help capture the market more effectively and prevent loss of potential customers to competitors.

## Solution

### *Tailored Engagement*

Create engagement strategies tailored to the 'maybe' segment of females aged 40-44. For the 30-34 age groups, which showed price as criteria to choose, offer societal fondness attributes that could trigger the deals and highlight the loyalty program they can get from the high-quality products.

### *Unique Positioning*

For the 40-44 age groups, who value uniqueness and location for 35-39, emphasize Sarinah's unique product offerings and its strategic physical presence. Host events or pop-ups that showcase the cultural significance of products, tapping and triggering into their interest in authenticity.

### **Responding to the Price of Consumer Criteria to Choose**

To mitigate the price sensitivity observed among the 30-34 age group, consider implementing a loyalty program similar to that of the competitor. Instead of only targeting government and state-owned enterprise employees (BUMN), broaden the program's reach to include the general public.

Table 8. Business Solution on Loyalty Program

Conditioning Type	Aspect	Description
Classical Conditioning	Neutral Stimulus	Browsing the diverse Batik and Fashion assortment in Sarinah Speciality Store
	Unconditioned Stimulus	Enjoyment derived from purchasing culturally rich and unique items
	Unconditioned Response	Feeling of happiness and cultural
	Conditioned Stimulus	Sarinah's loyalty program notifications and branding
	Conditioned Response	Anticipation and excitement for rewards and exclusive experiences
Operant Conditioning	Behavior	Making regular purchases at Sarinah
	Consequence	Receiving tangible rewards, such as discounts, bonuses, or exclusive access to events
	Expected Change	Increased frequency of purchases and preference for Sarinah over the competitor and other Batik market competition

### Improve Intention to Buy

Sarinah Speciality Store can identify and evaluate key attributes that influence consumer purchase intentions. By improving these attributes and the associated beliefs, Sarinah can foster a more favorable overall attitude towards its products.

Table 9. Improve Intention to Buy

Attribute	Evaluation	Strategy
Price	Adults are price-sensitive	Introduce a tailored loyalty program and promotions for younger demographics.
Assortment	Consumers desire variety	Expand product lines to include a wide range of traditional and modern designs, expand kids segment to cater family-oriented needs.
Uniqueness	Aged 40-44 value unique products	Showcase exclusive items and limited-edition collections.
Location	Proximity matters for convenience	Enhance visibility and accessibility of Sarinah's locations and online platforms.
Quality	Quality is non-negotiable	Emphasize Sarinah's commitment to quality through branding and in-store experiences.

### Improve Market Share

To improve market share based on the analysis of Alun Alun Indonesia's weaknesses, consumer insights, and societal triggers, Sarinah Speciality Store could implement the following strategies:

Table 10. Business Solution on Improve Market Share

Strategy	Description	Implementation
Product Assortment	Leverage the high demand for unique and traditional Batik styles to create new and exclusive collections.	Introduce limited-edition lines that celebrate Indonesian heritage, catering to the 40-44 age demographic's desire for uniqueness.
Efficient Distribution	Improve the e-commerce presence to reach a broader audience, focusing on quality, office needs, and family-oriented products.	Develop an easy-to-navigate online platform with clear categories for Batik & Fashion, And F&B
Strong Branding	Resonates with cultural significance and societal fondness attributes such as entertainment and culinary inspiration.	There is huge opportunity engaging female segments.
Bundling Promotion	Create bundle offers that align with societal triggers, such as cultural events, to encourage bulk purchases.	Offer package deals during traditional events and festivals, providing value and encouraging purchases across all product categories.

## Conclusion

To trigger individual fondness, Sarinah Specialty Store should capitalize on the societal triggers for visits that resonate most with their target demographic. These include cultural significance, traditional events, and fashion inspiration. By integrating these elements into their product offerings and marketing strategies—such as holding cultural events or fashion showcases—Sarinah can create a compelling and memorable shopping experience that aligns with consumer passions and interests in order to overcome threats both from competitors and from the lack of interest outside the batik and fashion segments. The appropriate domestic market for Sarinah Speciality Store consists of individuals who value cultural heritage, quality, and uniqueness in products. This includes the 'maybe' segment across females aged 40-44 and 30-34 who chose competitor. Tailoring marketing and loyalty programs to these demographics, emphasizing value for money and unique product offerings, will likely convert indecision into purchases.

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