

Marketing Strategy Recommendation for Kiwang Kreatif Craft in Garut West Java

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Abstract

This research analyzes the marketing strategy of Kiwang Kreatif Craft (KKC) to optimize their business growth. The objectives of this study is to reveal the current marketing strategies that implemented by KKC and to recommend the advance marketing strategy to optimize their business performance. This research used qualitative research approach and exploratory method by interviewing the chairman of Kiwang Kreatif and its stakeholders. The result of analysis shows that the majority of promotional strategies are relatively still conventional. Others, KKC should implement internet marketing platform and social media as a media for promotion, then educate their members about what is and how to optimized the internet marketing platform, should improve the selling process become an offline and online mode, and should optimize the required physical evidence to improve their brand awareness.

Keywords: *Kiwang Kreatif, Handicraft, Marketing Strategy*

Introduction

Water hyacinth (*eichhornia crassipes*) is one type of aquatic plants float. In Indonesia water hyacinth generally known as *Eceng Gondok*. Besides it, in several regions the water hyacinth has another name, such as in Palembang well known as Kelipuk, in Lampung known as Ringgak, in Dayak known as Ilung-Ilung, and in Manado known as Tumpe.

For the people who live around the river side, water hyacinth is weeds that just pollute the rivers and affect the river becomes clogged or overflowed due to the number of water hyacinth. Similarly, for the communities around the lake consider that water hyacinth disturb their activities. Not only that, water hyacinth is invaluable plant that just disturbing their activities especially for fisherman who live in the river or lake.

Nowadays, hyacinth which is known as weeds and invasive species plan has opportunities as raw material of handicraft. Many areas are able to making handicraft from water hyacinth become some furniture or handicraft products. Moreover, the craft that made from hyacinth are exported to Europe and the United States which is increasingly boomed with goods that produced from natural materials (back to nature).

The village that develop a craft from hyacinth is Kialarawang village, located in Garut district, West Java province, Indonesia. In this village, there is a lake known as Situ Bagendit that overgrown lots of water hyacinth. The water hyacinth quite disturbing the fishermen activities who catch the fish in the lake. Because of that reasson, Creavill (Creative Village) present and initiate to establish Bagendit Berseka Creative Gallery known as Kiwang Kreatif Craft, in the short form KKC.

Balai Kreatif Bagendit Berseka was established in 2015 earlier in Kialarawang subtown, Banyuresmi, Garut District, West Java. As the group members and as the craftsmen of Balai Kreatif Bagendit Berseka are all housewives that living in Kialarawang area and lead by Mrs. Imas Yani Herliani. This group was initiated by Creative Village (Creavill). Creavill is non-government organization that was founded by Mr. Agung Gumelar which has goal to develop “One Village One Product”.

Balai Kreatif Bagendit Berseka known as Kiwang Kreatif. Kiwang Kreatif Craft (KKC) is small enterprise which makes and sells handmade craft from invasive species plant especially from Water *Hyacinth (Eichhornia crassipes)* that already transformed into valuable daily tools.

Kiwang Kreatif Craft generated profit from selling the crafts that made from hyacinth to the customers. Making handicrafts from water hyacinth material it needs process that long enough. Water hyacinths must first be dried for about two weeks. After that formed into a long braid and then woven into desired goods. Every month, KKC produces around 50 to 100 products and sells it at the gallery. The gallery is open from 8:00 am to 7:00 pm every day.

Table 1. Input-Transformation-Output of Kiwang Kreatif Craft

Input	Transformation	Output
Collecting and selecting good hyacinth	<ul style="list-style-type: none">• Separating the hip stalk• Drying the hip stalk• Forming into a long braid• Shaping/woving	Desired goods (Bags, wallets, hats, accessories, etc.)

Since established, KKC has faced many challenges to promote the product. The majority of promotional strategies are relatively still conventional. Based on interview with some of stakeholders, word of mouth is the most straight forward technique they execute.

Thus, it is very necessary for the author to observe the situation of KKC, and recommend the marketing strategies to promote their product. But there are some limitations in conducting this research such as; this research only focus on the handicraft in Situ Bagendit, Garut District and using a qualitative approach to generate the data and information.

Research Methodology

This study used qualitative research approach and exploratory method. A qualitative approach is an array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world (Donald and Pamela, 2011). Qualitative research is designed to reveal a target audience's range of behavior and the perceptions that drive it with reference to specific topics or issues. It uses in-depth studies of small groups of people to guide and support the construction of hypotheses (<http://www.qrca.org>.2016). Qualitative methods in the field of marketing research include in-depth interviews with individuals, group discussions (from two to ten participants is typical); diary and journal exercises; and in-context observations. Sessions may be conducted in person, by telephone, via videoconferencing and via the Internet.

According to (Kothari, 2004) explains that the exploratory approach aims to formulate the problem to be clearly defined, screening of alternative solutions and discovering the new idea to address such problems. Exploratory method investigates the problem or situation which provides insights to the researcher. The research is meant to provide details where a small amount of information exists. It may use a variety of methods such as trial studies, interviews, group discussions, experiments, or other tactics for the purpose of gaining information ([www.businessdictionary](http://www.businessdictionary.com)). Exploratory method guided this research to gathered data to find the suitable answer for research question. There are two methods in gathering the data with qualitative research which are primary data and secondary data.

Primary refers to information obtained first-hand by the researcher on the variable of interest for the specific purpose of the study (Sekaran & Bougie,2010). In this study, the primary data collection method is a one-on-one in-depth interview. The one-on-one interview is an instrument used to collect experimental data unconstrained from any perspective of the researcher (Salkind,2000). The one-on-one in-depth methodology is often employed by the market researcher when surveying business owners, high-level executives, and the business leader about the critical or highly sensitive topics.

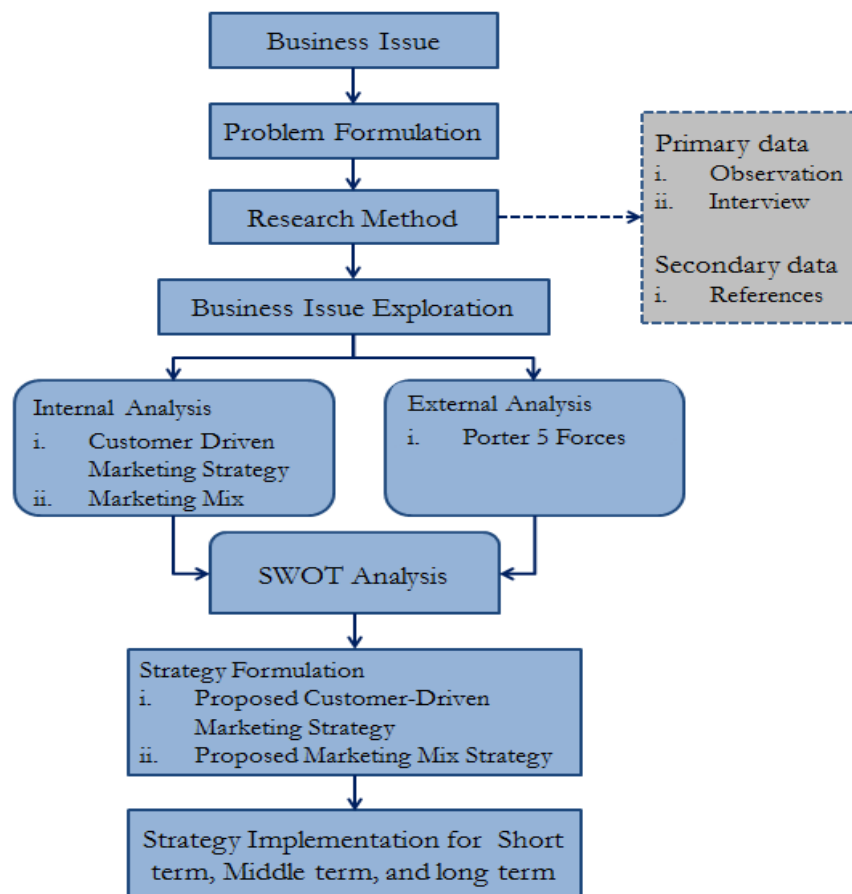
According to Donald and Pamela (2011), observation study is a monitoring approach to collect in which the researcher inspects the activities of a subject or the nature of some material without attempting to elicit responses from anyone. Observation study is real data, because the observations must be conducted during the process at that time. In this research, the author did observation in the gallery of KKC and one-on-one interview

with Mr. Agung Gumelar as a founder of Creative Village, Mrs. Imas Yani Herliani as a chairman of KKC and other stakeholders.

Secondary data refers to information gathered by someone other than the researcher conducting the current study (Sekaran & Bougie,2010). In this research, the sources are from the textbook, journals, articles, websites and other references.

The author will elaborate about internal and external factor of KKC and explore their business issues with the following framework:

Figure 1. Conceptual Framework of Kiwang Kreatif Craft



Results and Discussions

Based on the above concept, this paper aimed to explore the marketing strategy recommendation for Kiwang Kreatif Craft as follows:

INTERNAL ANALYSIS

1) Customer-Driven Strategy

Companies must design a customer-driven strategy that will build the right relationship with the right customers. Because companies can't serve the entire marketplace (Kotler et al 2012). Targeting, segmentation, positioning and differentiation are all central to a company's marketing strategy. Customer driven marketing strategy are involved in identifying the possible market segments for the brand, and deciding which one to target for an advertisement campaign and how to effectively position the benefits offered to the target customers.

Market segmentation (Kotler & Armstrong, 2011) is the act of dividing a market into distinct groups of buyers who might require separate products and/or marketing mixes. It is divide the customer who have different needs, characteristics, or behaviors, and who might require separate products or marketing plan. They are four factors of market segmentation such as geographical factor that KKC is located in Garut, West Java, demographical factor shows that female aged 18th – 40th are the main consumer of this products, psychological factor shows that the middle class people are who tend to concern about creative product from nature, and behavioral factor shows that consumers who look for handmade product and the benefit of using creative product from nature.

Kotler and Armstrong (2012, p.225) defines the market targeting is the process of evaluating each market segments in which it can profitably generate the greatest customer value and sustain it over time. The company should target which segment can bring greater value for their company.

In this case, KKC choose concentrated (niche) marketing, one of the market tergeting urged by Kotler and Armstrong (2012). Means that company's only focus on smaller segment or niche markets. By using concentrated or niche marketing, company can save some costs because it will be more effective and efficient. However, when the segments are no longer present, the company will lose. Because the company only focus on one or few segments (Kotler & Armstrong, 2011). Based on this analysis, KKC appeals niche market, people whom concern and conscious about handmade product and the benefit of using creative product from nature.

Other than that, differentiation and positioning task consist of three steps: *"identifying a set of differentiating competitive advantages on which to build position, choosing the right competitive advantages, and selecting an overall positioning strategy"* (Kotler & Armstrong, 2012). On this research, researcher use to identify the competitive advantage of KKC market differentiation and positioning.

Figure 2. Generic Strategy



Source: Porter (1985) Competitive Advantage

“Competitive advantages is an advantage over competitors that is gained by offering greater customer values, either by having lower prices or providing more benefits that justifies higher prices” (Kotler & Armstrong, 2012). There are two basic types of competitive advantage: lower cost and low price. The other important variable in positioning is called competitive scope. It is important because industries are segmented. The type of competitive advantage and the competitive scope can be combined into the notion of generic strategy (Figure 2).

KKC implemented cost focus strategy to develop their products. Those products more cheaply compared to other competitors. Therefore, Kiwang Kreatif generates profit from the margin of low production cost. Below table is the comparison price between KKC and its competitor:

Table 2. Price Comparison between Kiwang Kreatif Craft and its Competitors

Product	Kiwang Kreatif Craft	Lidi Seka Craft	Kreasi Menik Craft
Tissue Box	Rp. 40.000	Rp. 65.000	Rp. 75.000
Box Container (14 inch)	Rp. 180.000	Rp. 250.000	Rp. 200.000
Frame (4R)	Rp. 10.000	Rp. 20.000	Rp. 25.000
Sandals	Rp. 15.000	Rp. -	Rp. -

2) Marketing Mix Analysis

According to Kotler & Armstrong (2012) that marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in the target market.

The product of Kiwang Kreatif is basically a handmade craft from invasive species plant especially from Water Hyacinth (*Eichhornia crassipes*). Kiwang Kreatif

transformed the plant into valuable daily tools. Based on Mrs. Iis Nuraisyah this business activity is not only transforming the invasive plant, on top of that she endeavored to transform the value. Previously, people perceived the Water Hyacinth as invasive species plant which is uncontrollable grow-up and offend the fisherman and. However, by executing this creative business, she attested that the hyacinth is highly conceivable to be transformed into a valuable craft. There are more than 5 models that Kiwang Kreatif craft has. Every model has its own feature and function. According to Kotler & Armstrong (2012), a product model is a competitive tool for differentiating the company's product against the competitor.

Figure 3. Sample Products of Kiwang Kreatif Craft



KKC used cost-based pricing on its marketing strategy. The foundation in pricing strategy are cost, competitor, and the value for the customer. The major for pricing strategy is divided by Cost-Bases Pricing and Value-Based Pricing. Cost based strategy is setting price with consideration of cost like production, selling, and distribution cost, while VBS is using buyer perception of value to determine the price (Lovelock & Wirtz, 2011). KKC often adjusting it's price based on the cost its spend. Price of the products can be change, either it goes higher or lower, based on raw material's price (glue, varnish, etc.). The price of products starts from Rp. 2.000 as the cheapest one to Rp. 300.000 as the most expensive one. However, an average price is at RP.40.000 to Rp.75.000. Meanwhile, others competitor has higher prices (Table 2).

The gallery, the office, and the workshop of KKC is located at Kiaralawang, Garut district, West Java. The location is nearby to Situ Bagendit Lake tours. Since its a Small Enterprise and does not have enough capital to proceed paid promotion, thus they preferred to execute low cost promotional strategies such as word of mouth. Furthermore, KKC also produces their product based on order. Promotion means activities that communicate the merits of the product and persuade target customers to buy it (Armstrong & Kotler, 2006).

Word of mouth is the most straight forward technique that executed at the beginning of the business. They struggled to promote the product to their family, friends, and neighborhoods in an effort to enhance the product awareness. The sales are not significantly increase by using this promotional strategy.

However, making handicrafts from water hyacinth material it needs process that long enough. Water hyacinths must first be dried about two weeks. After hyacinth dries and then formed into a long braid and then woven into desired goods then finally transformed into a valuable products through the intensive production process. Kiwang Kreatif Craft's products delivered to the customers through direct selling activities at the gallery and at car free day activity in Garut district.

Since it's handmade product, the production process require skillful human resource to make a unique product, and stand out among the competitors. In this case, the team produced the craft with its own competitive advantage, and ensured the quality is remaining the same at all times. They able to produce around 50-100 piece of products in every month but still lack of skillful human resources such as marketing and selling, even promotion through social media.

The last factor in marketing mix analysis is the physical evidence. In general, physical evidence is the evidence or physical elements that influence the customer to value the company. Physical evidence can help create the environment where the service can be bought or create the product Picture to the customer (Kotler & Keller, 2009). KKC has a workshop and gallery in Kialarawang town and now they have 13 members and craftsmen.

Figure 4. Physical Evidence of Kiwang Kreatif Craft's Gallery in Garut District



Source: Private Documentation

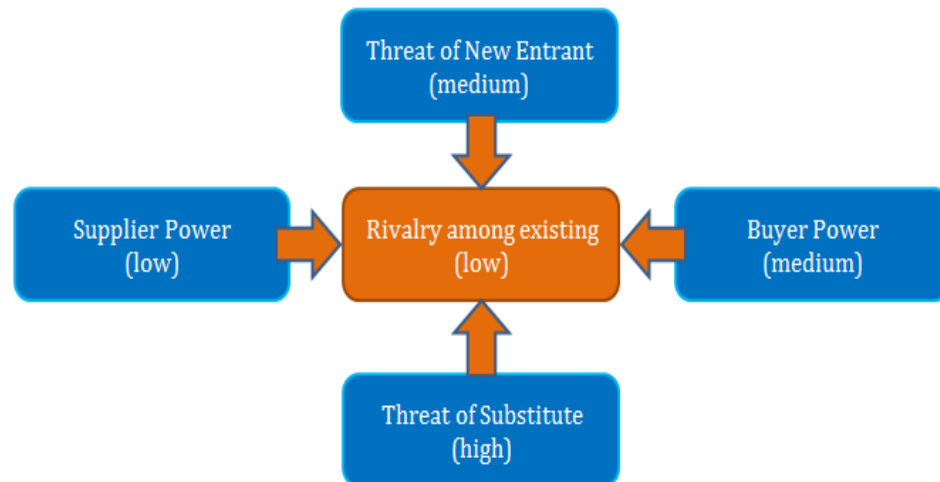
EXTERNAL ANALYSIS

3) Porter's Five Forces Analysis

Porter (1985) identified the five competitive forces entry such as threat of substitution, bargaining power of buyer, bargaining power of suppliers, and rivalry

among competitors, all are reflected the fact that competition in an industry goes well beyond the established players.

Figure 5. Porter's Five Forces Analysis of Craft Industry



Source: Author Modification

New entrant to the industry could be a brand new competitor or a new brand from an old competitor. A new competitor to the industry may erode some of customer base, the challenge is to keep the customers from the competitors. In case of Kiwang Kreatif Craft, the threat of new entrant in the creative industry competition is relatively medium. Since its products is a craft that has its own uniqueness, the new entrant should have a certain skill to produce the same craft. Thus, the new competitors could enter to the market easily.

Besides new entrant, the the threat of substitute is relatively high. Since the switching cost is low, the product substitute availability is quite high, the threat is considered as high threat. There are numerous competitors whose produce another craft made from plastics, bamboos, fabrics and others material with various model, thus those products could be an alternatives for the customers. They can choose another substitute product instead of KKC products are better in quality and cheaper in price. Therefore, the threat of substitute is relatively high since other competitors who sell the substitute product may erode the customer of KKC.

Another force is bargaining power of buyer. Buyers have the power to swith their choice from one product to other. KKC has the different product, but the number of substitutes, thus the power of buyer is categorized as medium. These substitutes include plastic craft producers, bamboo craft producers as well as daily tools producers. Based on this element, the five forces analysis, KKC should develop strategies to increase their customer loyalty. But this case is quite different with bargaining power of

supplier where relatively low due to the number of supplier and on the other way they are abundance of raw materials like hyacinth, glue, and paint has reduces the suppliers influence on production unit.

The last is rivalry among existing competitors, the rivalry competition in this type of handicraft industry is relatively low because the aggressiveness of firms is low and the switching cost is medium, thus the competition among rivalry is considered as low.

SWOT Analysis

SWOT analysis is a powerful tool to aid decision-making and systematically analyzing the external and internal environment of an organization or institution. By identifying opportunities and threats, strengths and weaknesses, organizations can develop strategies based on their strengths, weaknesses, gain maximum profit using opportunities and neutralize threats.

KKC has a low price strategy and low cost production. The products are unique made through handmade process and environmental friendly. Its very easy to get the raw material without supplier because of abundance of raw material in the lake Bagendit. Other problem come form its weakness such as lack of marketing skill and experience people, has no internet marketing platform and even social media such as facebook and instagram. Less financial support and lack of physical evidence such as logo, packaging, website, etc.

But this product still able to capture the potential niche market and even national market through product innovation and training program. The high availability of raw material (hyacinth) and limited competitors often open more opportunities for KKC to improve their brand awarness. The only threat that can disturb the production process is uncertain weather and location is not in a strategic place.

Proposed Customer-Driven Strategy

The market is segmented and divided into different needs, characteristics, or behaviors, and who might require separate products or marketing plan (Kotler & Armstrong, 2011). KKC appeals niche market, people whom concern and conscious about handmade product and the benefit of using creative product from nature. The author recommends deciding their target into primary and secondary target. Primary target market targeted teenager to young adult people who look for handmade product and the benefit of using creative product from nature. Most of these type of consumer are B2C (Business to customer) customers. The second targets are reseller business or souvenir shop who want reach more benefit by selling another parties product, B2B (Business to Business).

To give the greatest advantages of the product, KKC must plans position and they must design marketing mix to create these planned positions. Positioning is arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers (Kotler & Armstrong, 2011). With its unique products and

attributes such as handmade production, unique design, and environmental friendly product. KKC competitive scope which is narrow target market and low production cost has a value added by the uniqueness of the product will allow them to charge into a premium price in the future.

Proposed Improvement of Marketing Mix Strategy

In order to improve the performance of marketing and business activities, there are several suggestions of improvement for KKC in terms of new model of Marketing Mix Strategy.

The first marketing mix strategy is product innovation. KKC has not just offers a unique attributes such as handmade production, unique design and environmental friendly product but they also should optimize their product quality. Those product would get more value by customers since the uniqueness and product quality are equal with the prices well as the value that perceived by the customers.

The consumer sensitively selected the price of the product based on its quality. While the foundation in pricing strategy is costs, competitor, and value for the customer. The author proposes to use Cost-Based Pricing strategy since, the raw materials like hyacinth, glue, and paint are easy to be obtained means they can manage and decrease the cost of production effectively.

Refer to geography area, the market segment is all area in West Java. It has seen that the potential customers are quite huge. However, the author recommends to focus doing online marketing promotion (social media and marketplace) and offline mode promotion in areas of Garut and surround cities like Tasikmalaya, Sukabumi, and Bandung. Integrated promotional activity through exhibition is also required. The exhibition is one of the marketing solutions as promotional platforms for Kiwang Kreatif Craft. In instance, by joining creative industry exhibition such as Pekan Kerajinan Jawa Barat (PKJB) that organize by Dewan Kerajinan Nasional Daerah (Dekranasda) West Java Province not only to introduce their product to potential customer it would be gain more their profit by selling their product.

Training program is one of alternative promotional strategy to promote creative industry product and building partnership with some organizations to introduce and provide training program how to transforming invasive species plant such as hyacinth into a valuable daily tools. Not only to promote their product to the trainee, but also sell it to them.

In order to solve the lack of skillful human resources problem, the author recommends KKC to execute some alternative recommendation such as dividing the job responsibilities of the members not only as craftsmen but also responsible to run the organization. For instance, KKC could divide the job responsibilities into marketing, finance, and others division. Second, joining the marketing training program for the members especially for online division. The selling process is supposed to be improved

from only offline selling activity to both offline and online selling activity. However, this selling process improvement should be supported by the online marketing activities and the online physical evidence, such as website and social media account. That online physical evidence is aimed to encourage the improvement from offline selling activity to both offline and an online activity.

Since they don't have a logo yet, they should make it in effort to strengthen the brand awareness of KKC. Furthermore, the logo will be the first impression and the representative from the customer perspective.

Conclusion

The findings define the strategy of KKC on they operation of the business and execute the right marketing strategies. However, there are four critical problems that have to be overcome: first, non-availability of internet marketing platform such as social media, second, lack of human resources to operate them, third, there is only an offline selling activity, and last, they lack of physical evidence to improve brand awareness. While in marketing mix strategy, the author found some issues to be resolved such as in product, price, place, promotion, process, people, and physical evidence.

The author has several recommendations to improve the business performance and enhance the marketing strategy execution. First of all, they should train their members on how to use and optimize social media promotion and online market place. The main goal of that activity is to increase the online marketing activities and off course leverage the revenue.

KKC should establish partnership with some organizations to introduce and provide training program how to transforming invasive species plant such as hyacinth into a valuable daily tools and sometime joining an exhibition and national competition to promote the products and local environment worldwide. With elaboration with souvenirs stores can also improve their product and brand awareness then proof for their physical evidence. Unfortunately, continuously innovation is highly required.

For that purpose, implementation of short term, medium term, and long term program are required. For the short term program, training program on optimizing social media and marketplace are recommended, making business card, logo, and package with technological approach is important to increase the brand awareness. Collaboration with souvenir stores, joining an exhibition, and national competition could become a solution for the middle term program. Then finally, building partnership with other institutions such as government and non-government institutions could create new innovation for the products.

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