

THE ANALYSIS OF MARKETING STRATEGIES TO MARKET ORIENTATION TO INCREASE MARKETING PERFORMANCE OF LEATHER CRAFTER SME IN TANGGULANGIN

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ABSTRACT

Tanggulangin, Sidoarjo has been known before with the great leather crafter both in Indonesia and overseas. However, since the case of Lapindo mudflow and China's massive importing goods decreasing this leather crafter's credibility. Therefore, this small-medium enterprise (SME) focusing on leather craft in Tanggulangin needs a marketing strategy to meet its market-oriented to improve marketing performance. Thus this study aims to analyze the marketing strategy to the market orientation. This study uses multiple linear regression tests with the population raised from the Lemeshow formula. The total population is 96 respondents. There is five marketing strategy as independent variables and market orientation as the dependent variable. From the multiple linear regression test, the best method that the leather crafter SME in Tanggulangin can implement is to consider innovations to develop a national leather product with B value 0,398 and develop the leathercraft product in general with B value 0,38.

KEYWORDS: leather crafter SME, marketing strategy, market-oriented, marketing performance.

INTRODUCTION

Tanggulangin is a district in Sidoarjo, East Java, Indonesia, known as a crafter city. Most of the citizens there live as a leather crafter. In 2017, more than 400 small-medium enterprises (SME) were incorporating as Tanggulangin's bag and suitcase industry or INTAKO (Industri Tas dan Koper). Many leather products are produced here, such as a bag, wallet, belt, clothes, suitcase, etc. The making of the leather product is not only for Indonesian buyers but also for exported overseas.

In early 2000, Intako became a huge leather industry with many customers from local and foreigner. By the time the sales of intako were decreasing because of some factors. The most significant factor is the case of "Lumpur Lapindo" that made several areas in Sidoarjo covered by mudflow, making 70% of leather crafter SME in Tanggulangin shutting their business down (Ardiansyah et al., 2017). The other factors are the massive importing of goods from China, trade competition with others crafter from different cities in Indonesia, branding capabilities, etc. Therefore, the leather crafter in Tanggulangin needs some marketing strategies to rebrand its business and develop its market orientation.

The strategy taken by a company is a form of company marketing performance. This is very important to achieve because marketing is an achievement that must be performing to distribute products that have been

producing to be known and bought by the customer. Marketing performance can be stated as good if it covers three things: sales value, sales growth, and a portion of the (Purwaningsih & Kusuma, 2015). If it has already been implemented, these three things will lead to the company's increasing profits. While the company expands its profit, it leads to company prosperity. The way to achieve long-term prosperity, the company needs to be able to determine its market orientation (Hartini, 2012). Developing marketing orientation is necessary, especially for the leather crafter in Tanggulangin, to reach good sales.

In market orientation, it is necessary to know about the market's types and characteristics that will target the marketing strategy. Market orientation is also significant for the sustainability business of the company (Acar et al., 2011). It is needed by the company to compete with others and to engage with customer needs (Indrasari et al., 2014). However, the market condition is always changing from several factors, such as pricing, customer needs, customer satisfaction, and others. These changes make a company innovate and plan the strategy to fit the market orientation and increase company profit (Pradana & Reventiary, 2016)

By understanding its market orientation to increase the profit, the leather crafter SME in Tanggulangin needs some marketing strategies. This research uses five methods to check whether it will affect market orientation or not. The first strategy is making modifications to leathercraft products to reach foreign customers. This strategy is considering to make leather crafter in Tanggulangin to compete in the ASEAN free market area. The second strategy is selling the product through websites and e-commerce to increase sales and explore suggestions to develop new concepts. Since 2018, the Indonesian government encourages small-medium enterprises (SME) in Indonesia to utilize the marketplace online. The third strategy is creating a leathercraft product. The fourth strategy is researching to determine customer product needs. The last method or the fifth is considering innovations to develop national leather

This research aims to analyze the affection of leather crafter SME's five marketing strategies in Tanggulangin, Sidoarjo, to its market orientation. The study also rates from five marketing strategies, which one that influences market orientation the most. Therefore, the leather crafter can implement the best method to fit in the market orientation, leading to increasing the profit.

LITERATURE REVIEW

Market Orientation

The environment is an atmosphere or situation where inter One of the company's essential things is knowing its market orientation. The company needs to approach its market because it is getting intense, and the customer needs that are always changing. The market orientation also represents a company's business culture, whether it makes innovation to meet its customer needs. In the previous research (Susanto et al., 2018), market orientation is a set of processes and activities aiming to create customer satisfaction by continuously assessing the market's needs and desires. Companies must have the ability to analyze the market environment to know their opportunities as producers to meet market needs (Cooper, 2011). (Ghauri et al., 2016) stated that market orientation has three behavioral components. They are customer orientation, competitor orientation, and inter-functional function. Customer orientation and competitor orientation include all activities implemented to obtain information about market needs and competitor products. Functional coordination is coordination based on data from customers and competitors. It consists of collaborative business ventures (Hartono et al., 2014). Customer orientation is how the company understands its targeted market to build a sustainability customer's retention. The targeted market is including both current and future buyers. Therefore, from the company's information, the company can understand which segment can become its customers. To understanding market-oriented, the company can achieve it by:

1. Research and analyze what the customer want.
2. Create a business model that contains the customer's wants.
3. Control and monitor the current competitive situation.
4. Implement value that leads to the changing of market conditions (De Luca et al., 2010).

The achievement of market-oriented welfare has four dimensions. Market-based assets can create value for a company through:

1. Make a prevent plan if the competitor chooses to make a higher or lower cost as their effective strategy.
2. (Bertha & Sutejo, 2016) explained that the marketing concept is a business philosophy or statement policy that can be implemented differently in each organization. It is reflecting through organization activity or

organizational behavior. Market-oriented is used for a parameter to evaluate the organization's marketing concept. The oriented-market organization will have plans and actions that are related to its marketing concept.

B. Marketing Strategy

The strategy is the key to success in dealing with changes in the market environment. The plan provides strength to unite all members of the company. If the strategy's concept is not clear, then the decision taken will be subjective or only based on uncalculated estimation while ignoring other important decisions. Marketing strategies make a company decide several aspects of variables, such as market segmentation, identification of target markets, positioning, marketing mix elements, and marketing mix costs. Marketing strategies is a business strategy that gives direction to all function in managing an organization.

(Kotler, 2011) stated that there is six-position of a company in industry competition:

1. Dominant

Companies in this position can control the behavior and strategies carried out by competitors and have alternative methods without being influenced by competitors' actions.

2. Strong

Companies in this position can take action freely without worrying about their work compared with its competitor.

3. Favorable

Companies in this position have the power to utilize specific strategies. If industry conditions improve and give the advantage to take opportunities, the company can improve its function.

4. Tenable

Companies in this position have the strength and good performance in running its business. However, the company often loses in competition when the dominant company implements an action. In this position, the company also has a lower opportunity to compete with companies in the higher place.

5. Weak

Companies in this position have unpleasant performance but still have an opportunity and a chance for improvement. The company should make changes to survive in the industry.

6. Non-viable

Companies in this position have a terrible performance and very unsatisfactory. This position makes the company have no chance of improvement.

C. Marketing Performance

(Hatta, 2015) mentioned that marketing performance is a tool to measure the impact of strategies that have been implemented by companies. Marketing performance is measuring a company marketing activity process. Marketing performance also measures the target market's quality based on how the company delivers and distributes its product (Komari, 2016). The company's strategy always leads to marketing performance results. The value of sales by the company will indicate the nominal and unit of work that has been successfully sold by the company to customers. The higher the cost of sales means the company successfully sells more products. (Dewinta & Setiawan, 2016) explains that sales growth will depend on how many customers have a fixed average consumption level

Figure 1. Framework of thinking

METHOD

A. Research's Type

This research is quantitative since it has dependent and independent variables. Market orientation of leather crafter SME is a dependent variable, while the five marketing strategies are independent variables. This research shows how big the method impacts the market orientation and which strategy has the highest impact

on its market orientation. The five categories are; making modifications to leathercraft products to reach foreign customers, selling the product through websites and e-commerce to increase sales and explore suggestions as a step to develop new concepts, setting the leathercraft product, doing research to determine customer product needs, and considering innovations to create a national leather product.

B. Research's Place

The location taken for this research is in Tanggulangin, Sidoarjo, Indonesia. The samples are taken from the leather crafter SME noted as an industry in this area.

C. Populations and Samples

Populations and samples are raised with Lameshow formula since the amount of population is (Safi'i, 2018). The formula of Lameshow is shown in formula 1 below:

$$n=(S^2 \times A(1-A))/b^2 \tag{1}$$

with,

- n :sample amount
- S :confidence level 95% = 1,96
- A :maximum estimation = 0,5
- b :error rate 10%.

D. Method of Collecting Data

After determining the amount of sample, this study collects the data by interviewing the respondents. The respondent that have been interviewed is in a specific group of age. The interview's results are used to give society insight into the impact of marketing strategy on market orientation, study case in leather crafter SME in Tanggulangin, and Sidoarjo. This study also uses a questionnaire to the respondents.

E. Analytical Methods

This study uses quantitative analytic to calculate the dependent and independent variables. The method used to analyze is multiple linear regression. First, the research needs to check the validity test and reliability test from questionnaire data. Invalidity test, that data claims as valid if the $\alpha < 0.05$, while in the reliability test, the data claims valid if the Cronbach alpha < 0.6 . In the next step, this study generates the formula of multiple linear regression from the general procedure shown in formula 2.

$$Y= \alpha +\beta_1X_1 +\beta_2X_2 +\beta_3X_3 +\beta_4X_4+\beta_5X_5 + e \tag{2}$$

with,

- Y: The value that represents the market orientation
- α : Constant
- $\beta_1,2,3,4,5$:Regression coefficient which indicates the number of increasing or decreasing in the dependent variable based on the independent variable
- X1: The first strategy - making modifications to leathercraft products to reach foreign customers.
- X2: The second strategy - selling the product through websites and e-commerce to increase sales and explore suggestions to develop new concepts.
- X3: The third strategy - developing the leathercraft product.
- X4: The fourth strategy - researching to determine customer product needs.
- X5: The fifth strategy – considering innovations to develop the national leather product.
- e: Error rate.

This study also has a hypothesis as listed below:

- a. H0 = There is no effect of marketing strategy to market orientation in improving marketing performance in leather crafter SME in Tanggulangin, Sidoarjo

b. H_a = There is an effect of marketing strategy to market orientation in improving marketing performance in leather crafter SME in Tanggulangin, Sidoarjo

RESULT AND DISCUSSION

According to a questionnaire that has been distributed to Indonesian migrant workers in retiring, an initial sample of 40 people belonging to the retired group of migrant workers has been obtained "Guyup Rukun Ayam Tentrem." 40 people were selected as research samples, consisting of 20 men and 20 women who had regular meetings every month.

Validity Test

This study uses a validity test to prove that the items in this study are valid.

Tabel I. Validity Test

Number	Variable	R_{tabel}	R_{hitung}	Validity
1	X1	0,1986	0,469	Valid
2	X2	0,1986	0,462	Valid
3	X3	0,1986	0,423	Valid
4	X4	0,1986	0,377	Valid
5	X5	0,1986	0,482	Valid

In the validity, the test is used to test whether the attributes filled by respondents have valid results or not. The validity test results obtained validity values with $R_{tabel} 0,1986 < R_{hitung}$. There are 5 attributes in this study, and all of them pass the validity test. The highest R_{hitung} is X5 representing the strategy to consider innovations to develop national leather products.

Tabel II. Reliable Test

Cronbach's Alpha	N of Items	Reliability
0,902	5	Reliable

A reliability test is used to determine the level of reliability of these five attributes. In reliability, the test uses the Cronbach Alpha value of 0.6 to reach a dedicated group. The result in Table 2 shows that the cost is 0,902, which is higher than 0,6. It means that these attributes are all worthy of using in this study.

Regression Analysis

Multiple Linear Regression Test

Model	Variabel	Variabel Removed	Method
1	X1, X2, X3, X4, X5		Enter

Based on Table 3, it can be concluding that the independent attributes used in this analysis are variables X1, X2, X3, X4, and X5. Regression analysis using the enter method is intending to check whether the attribute feasible to do multiple linear regression tests or not. There are no variables removed, which means all of the five points are being used in this

Table III. Model Summary

Model	R	R Square	Adjusted Square	RStd. An error of the Estimate	Durbin- Watson
1	0,528	0,279	0,239	0,657	2,320

Table 4 shows the determination coefficient. From the result in Table 4 can be concluded that all variable X1, X2, X3, X4, and X5 simultaneity take effect to market orientation with the value is 0,279. It means these five independent variables have an impact on market orientation of about 27,9%. The other 72,1% indicate that

market orientation is influenced by other variables not included in this study. The adjusted R Square is the determination coefficient in which the value is lower than the R square. The error rate is 65,7%.

Table IV. ANOVA test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15,030	5	3,006	6,972	0,000
	Residual	38,803	90	0,431		
	Total	53,833	95			

Table 5 gives information if all of the variables from X1, X2, X3, X4, and X5 simultaneity affect market orientation. The alpha value that uses in this test is 0,05. The cost of Sig is 0,000, which means the Sig value is lower than the alpha value. It indicates that the hypothesis is accepted that there is an effect of marketing strategy to market orientation in improving marketing performance in leather crafter SME in Tanggulangin, Sidoarjo.

Table 6. Coefficient of multiple linear regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.519	.153		3.394	.001
	Making modifications to leathercraft products to reach foreign customers.	.199	.144	.213	1.383	.170
	Selling a product through websites and e-commerce to increase sales and explore suggestions as a step to develop new concepts	-.130	.426	-.133	-.305	.761
	We are developing a leathercraft product.	.038	.174	.036	.216	.829
	Doing research to determine customer product needs.	.069	.098	.082	.705	.483
	We are considering innovations to develop a national leather product.	.398	.423	.404	.940	.350

Table 6 gives information about the regression formula changing. It also shows an effect between variable X1, X2, X3, X4, and X5, partially to the market-oriented. Based on the result shown in Table 6, the regression formula becomes written in formula 3.

$$Y = 0,519 + 0,199X_1 - 0,130X_2 + 0,38X_3 + 0,069X_4 + 0,398X_5 + 0,657 \quad (3)$$

In multiple linear regression, Table 6's constant value of marketing strategy 0,519 without any influence from other variables. Otherways, the effect of every marketing strategy to market orientation is determined by the B value in Table 6. The first strategy, which is making modifications to leathercraft products to reach foreign customers, has B value 0,199. The second strategy, which sells the product through websites and e-commerce to increase sales and explore suggestions to develop new concepts, has B value -0,13. The minus value is caused by the range between the dependent value to the independent value. The third strategy, which is developing the leathercraft product, has a B value of 0,38. The fourth strategy, which is researching to determine customer product needs, has B value 0,069. The last method, or the fifth strategy, considering innovations to develop a national leather product, has a B value of 0,398.

From all of the result in Table 6, strategy 3 (X3) and strategy 5 (X5) has higher B value than other variables. Therefore, these two strategies are the best strategies to help the leather crafter SME in Tanggulangin. Sidoarjo

defines its market-oriented. The methods are developing a leather product and considering innovation to establish a national leather product. It means that the leather crafter SME needs to focus on developing its product and making innovation to sell it in Indonesia before considering other strategies. The developing product by making innovation to sell it around the country is the best strategy to improve, remembering that leather crafter SME in Tanggulangin in Sidoarjo has a good reputation already in Indonesia, so the target market is transparent. After that, the leather crafter SME also needs to develop its product since the competition with other competitors is tight.

CONCLUSION

From five strategies included in this study, the plan affects market orientation with the value is 27,9% while the rest 72,1% are the other variables that are not included in this study. All of the variables partially affect market orientation. The best strategy to implement by the leather crafter SME in Tanggulangin Sidoarjo is to consider innovations to develop the national leather product with B value 0,398 and develop the leathercraft product with B value 0, 38. Besides, all five strategies simultaneously also have an impact on market orientation.

From the research that has been carried out, it is evident from the value that occurs in the dependent prediction variable of

0.657 (65.7%), of which indeed the research for the future pays more attention to the error value data on the attributes used so that errors can be found with the maximum error sought 50% so that it can be declared valid against the data used. The linear regression model that has been carried out these attributes can be modeled with an increase of 1 point with a fixed model. The regression model's highest value based on the Innovation attribute given as a development step to produce a national product will increase by 1 point by 0.398. It requires a product to make a larger national product and create foreign countries. In this case, R Square's value can explain the successful percentage of innovation products by 0.279 (27.9%), then having ownership of 0.721 (72.1%) can be used by other variables that are not used in the research model.

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