



# The Role of Marketing Strategy for Knit Bag SMEs Businesses Success in the Case of Audy Handmade

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## Authors' contributions

This work was carried out in collaboration among all authors. All authors read and approved the final manuscript.

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## ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) were known for their contribution to Gross Domestic Product (GDP) and work labor absorption. However, they often face a lack of strategic planning, limited funding, and strategy to meet market demands. This can be caused by a lack of marketing strategy formulation. This study aims to provide a descriptive overview of community service from university to empower MSMEs in marketing strategy analysis by conducting an international seminar. This study uses the Participatory Action Research (PAR) method in empowering Audy Handmade. This MSMS focuses on knit bag production. This study consists of

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three main activities which initiated by preliminary visit to gain insight into existing problems. The international seminar was also conducted as the next activity to solve their problem. This seminar aims to become a sharing session between the MSMEs and marketing experts to share their conditions and provide feedback from experts to MSMEs. Lastly, there is an evaluation stage to ensure the main goals of the event were achieved. The workshop results in two points that need to be a concern for Audy Handmade. First, they need to produce a bag that can be of unique value for them such as adding some unique element or their logo on the bag. Besides that, they need to reorganize their marketing strategy. They need to focus on some specific marketing segment to help them take a position in the market. A strong brand identity, effective marketing strategies, and attractive product packaging were believed to help improve their products' visibility, competitiveness, and sales in the market. Therefore, Audy Handmade needs to strengthen its brand image, especially its product uniqueness, and its position in certain market segments. This needs to be taken into consideration as a means of strengthening their position in the knit bag industry.

**Keywords:** Community service; brand; marketing, MSME.

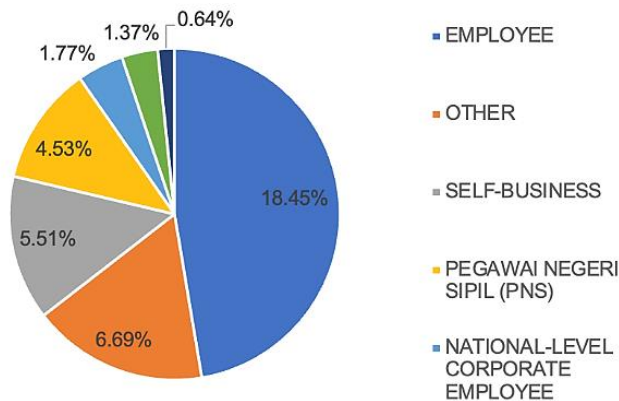
### 1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) were believed to have an important role in economic growth, especially in terms of inclusive and sustainable development [1]. MSMEs are businesses run individually or in a group. MSMEs also have an important role in the country's economy such as contributing 61.7% of the country's Gross Domestic Product (GDP) and being able to absorb around 117 million workers [2]. MSMEs are known to be able to create jobs, especially for low-income communities [3]. The level of labor absorption by MSMEs can reach 96% of the entire workforce in Indonesia [4]. This reflects the important role of MSMEs in the country's economy.

MSMEs become one of the main economic drivers in the Yosowilangun village, Gresik Regency which can be seen in Fig. 1. The figure shows that the proportion of people engaged in running businesses independently is quite large.

This condition reflects the high level of public interest in running MSMEs and the high presence of MSMEs in the region. The village officials said that there are around 80 MSMEs registered by the village. The business fields pursued are also quite varied, such as Food and Beverages (FnB), handicrafts, and children's toys.

One of the MSMEs that operates in the handicraft sector is Audy Handmade. This MSME focuses on self-produced knitted bags which can be seen in Fig. 2. Certainly, every MSME aims to maximize the sale transaction number. This is not without reason because the goal of sales is to obtain a certain level of profit and support business growth [5]. However, the main problem for the majority of MSMEs including Audy Handmade is how to develop a marketing strategy [6]. Determining an inappropriate marketing strategy can lead to a low optimum sales transaction number.



**Fig. 1. Field of work for Yosowilangun Village residents**



**Fig. 2. Audy handmade product sample**

Marketing is the process of delivering goods and services to the customer. Marketing success factors are influenced by the ability to understand customer demands and desires before the competitors [7]. The marketing can be said to be effective if there is followed by sales increment. The marketing strategies can change the marketing focus from customers or products to customers, external environmental factors, and economic policies [8]. This is not surprisingly because customer perception is an important component in marketing [9]. Therefore, it is necessary to choose the right strategy to increase competitive advantage.

The common challenges faced by MSMEs are strengthening the brand image and marketing strategy. Product quality is the goods or services offered that meet consumer needs and can provide customer satisfaction [10]. All customers want a product that has beneficial value if it meets their needs. In general, they have no problem spending more money if the value of the benefits obtained is commensurate or even more [11]. MSMEs also need support from several parties such as the government, banking sector, and universities to grow toward better businesses [12]. However, not all programs or policies from the government can reach all instances [13]. They still have difficulty in developing appropriate marketing strategies, especially introducing their products to a wider customer segment. Apart from that, the lack of product identity also makes it difficult for them to gain a competitive advantage with the competitors. This is where the university, through the community service program, take the role to help them.

This study aims to provide a descriptive overview of community service programs to empower MSMEs in marketing strategy analysis. The goal

of this study is to help Audy Handmade formulate a marketing strategy that can result in developing its business scope and strengthening its brand image. The marketing strategy formulation can be generated by conducting an event that meets with the marketing experts. The aims of involving the marketing experts are they can help the MSMEs raise awareness in finding the proper strategy to expand the business scale. They can give valuable insight regarding marketing strategy so it can lead to sales increment.

## **2. LITERATURE REVIEW**

This section we present several relevant literature reviews that provides additional insight into implementing community service activities.

### **2.1 Micro, Small, and Medium Enterprises (MSMEs)**

MSMEs are businesses run individually or in groups which can be categorized based on their assets where the category that can be seen in Table 1 [14,15]. MSMEs play an important role in supporting the economy of a region or even a country. Besides of it can foster entrepreneurial thinking, another role of MSMEs was to eradicate poverty and create job opportunities [16]. In China, around 90% of companies are MSMEs which have played an important role in absorbing employment, technological innovation and tax revenue [17]. Likewise in India, MSMEs have a vital role in economic growth by contributing greatly to Gross Domestic Product (GDP) [18]. Based on data from the Indonesian Ministry of Micro, Small and Medium Enterprises in 2018, MSMEs contributed around 97% of labor absorption and 61% of GDP in Indonesia [2]. A concrete activity must be held to ensure the increment of MSMEs contribution to the national economy still exist [19].

**Table 1. MSMEs assets criteria in Indonesia**

Type	Assets Criteria (in Rupiah)
Micro	< 50 Million
Small	50 – 500 Million
Medium	500 Millon – 10 Billion

## 2.2 Community Empowerment

MSMEs have an important role in economic growth, especially in regions. One of these important roles is labor absorption [20]. The challenges they often face are a lack of strategic planning, limited funding, and strategy to meet market demands [21]. MSME actors must always monitor how the market demands developments [22]. Apart from that, they are usually also weak in terms of expanding the marketing area or even defining the marketing strategy [23]. This is where the external parties, especially universities, play a role in empowering MSMEs because some programs initiated by the government may not cover all agencies [13].

Community empowerment has several models such as Participatory Action Research (PAR), Service Learning (SL), Asset Based Community Development (ABCD), and Community Based Research (CBR) where each model has its characteristics. PAR is oriented towards the development and transfer of knowledge to society. SL is very suitable to use if we want to implement a course in society. ABCD focuses on empowering the potential or assets that society currently has. Meanwhile, CBR involves the community at every community program stage [24].

## 2.3 Marketing

The globalization trends drive MSMEs to handle global challenges such as developing product and service innovation, human and technology resources, and expanding the marketing scope [23]. The same thing was also expressed in other research where the main challenges for MSMEs were difficulty developing products and services, market research, and finding customers [25]. Marketing should become the main concern because it is an important part of running a business. It is necessary to develop the right strategy so that the business being run can compete with competitors [26]. Therefore, a marketing strategy can give a positive impact especially on promoting the business performance [27].

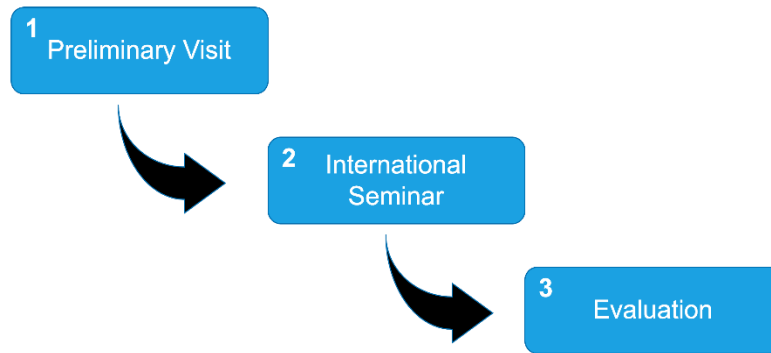
The marketing activities involve understanding customer needs, aligning their needs with the firm's product, and convince them to purchase [28]. However, marketing with understanding the object or customer segment can lead to insufficient sales number. There is an indication that any marketing method can not impress the customer to purchase if the marketing object is not accurate [29]. The customer segmentation was believed as central and essential in marketing strategy [30]. Besides that, there is a need to differentiate our product with the other. Many product and marketing strategies go beyond above the functional needs in purpose to enhance customer's personal and social identities [31]. It is also important to consider whether a product is perceived as different from similar products [32].

## 3. METHODOLOGY

The participant in this activity is one of the MSMEs in Gresik Regency, namely Audy Handmade. This MSME operates in the handicraft sector where one of its products can be seen in Fig. 2. The method we use is Participatory Action Research (PAR) which focuses on the transfer of knowledge to society. Hopefully, our partners can become agents of change and have a positive impact on those around them through the knowledge they gain. The role of academics in this method is to facilitate the exchange of knowledge with the community [24].

This activity has three main activities which can be seen in Fig. 3. First, we conducted an initial meeting with partners to understand the problems faced so that we can identify the necessary solutions. We will conduct a thorough analysis of the current situation, including an evaluation of existing branding, marketing strategies that have been implemented, and product packaging used by our partners. This analysis will help us in designing appropriate and relevant solutions.

Second, we organize a series of workshops and seminar to provide knowledge and skills in designing and implementing effective marketing strategies. We also invite several marketing experts from Malaysia who already running a business. We invite them to become speakers at the event to share their experiences and knowledge with the participants. The workshop includes several marketing methods such as using social media, content marketing, and brand improvement.



**Fig. 3. Research methodology**

The final stage is conducting an evaluation program to ensure the activity meets the main goals. The feedback from the marketing experts will become valuable advice to us, especially to Audy Handmade to prepare marketing strategy in the future. Besides that, we will continuously collaborate with our partners to ensure that service goals are achieved well. We are confident that our partners will be able to significantly improve the branding, marketing, and packaging of their products, thereby supporting the long-term growth and success of their businesses.

#### 4. RESULTS AND DISCUSSION

This chapter will discuss a description of the activities that have been carried out in this community service activity.

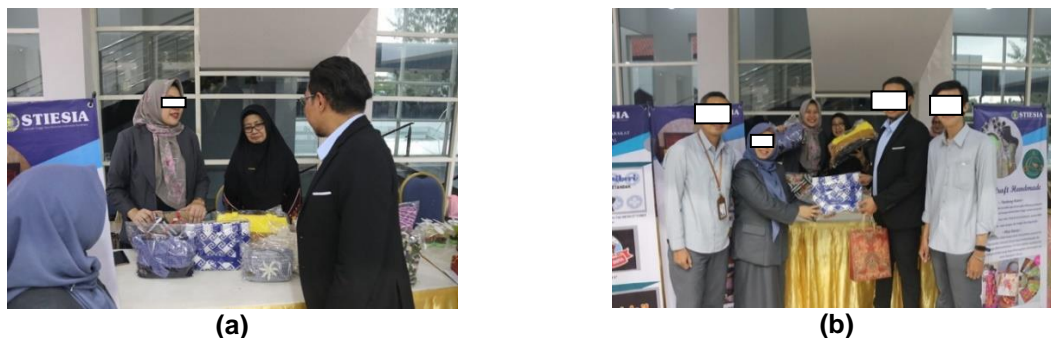
##### 4.1 Preliminary Visit

The first stage we took was to initiate an initial visit to partners to find out what the current conditions were. Meetings are conducted at the partner locations so we can see the product. Apart from that, this meeting also discussed daily operations, who is involved, and how to market the products produced. In its daily life, Audy

Handmade only employs 1-2 people all of them are housewives. From a marketing perspective, what is done is only limited to disseminating information on social media, WhatsApp, and colleagues. However, the sales generated were less than optimal, requiring better strategy improvements. The results of the meeting resulted in the need for some kind of appropriate marketing strategy improvement. Therefore, we agreed to invite partners to take part in workshops and seminars so that they can get advice directly from experts.

##### 4.2 International Seminar

The seminar was conducted offline in Hall 2, Sekolah Tinggi Ilmu Ekonomi Indonesia (Stiesia), Surabaya. The event consists of seminars and workshops that also invite marketing experts from Malaysia. The seminar was not only attended by Audy Handmade but also invited other MSMEs in Yosowilangun village. The event began with a seminar that introduced marketing theory which was then followed by a workshop. The workshop activities consisted of product introductions to marketing experts followed by sharing sessions about what needs to be improved or implemented in the future. Fig. 4 is a documentation of the seminar event.



**Fig. 4. International seminar documentation**

**Table 2. Marketing strategy advice**

<b>Weakness</b>	<b>Marketing Advice</b>
Image branding	Add Audy Handmade identity to the bags you make (can be a brand or design characteristic) to differentiate them from competitors
	Determining customer segments such as focusing on adult women, teenagers or children so that it can help them in creating designs or bags that adapt to current trends
Marketing Strategy	Adopt new relevant and innovative marketing strategies. They can expand their presence on social media, utilize local influencers, or hold exhibition events to increase exposure of their products to a wider target market
	Collaborate with relevant stakeholders, including local governments, economic development agencies, and other local communities in marketing products

According to experts, one of Audy Handmade's shortcomings is the lack of strong branding for their products. Their knitted bags do not yet have a clear identity on the market, making it difficult to differentiate their products from competitors and attract consumer interest. Apart from that, they also face problems in terms of a lack of effective marketing strategies. Not only that, but their product packaging is also unattractive and inadequate. Attractive packaging is very important in attracting consumers' attention and giving a good impression of the quality of the product. However, their knitted bags are still presented in simple and unattractive packaging, thus reducing the attractiveness of their products in the market. Therefore, a comprehensive approach is needed that includes improving branding, better marketing strategies, and developing attractive packaging to help them increase their competitiveness and business expansion.

### 4.3 Evaluation

We also conducted an evaluation process to ensure the event goals were achieved. As mentioned before, this service activity focuses on empowering MSMEs through the transfer of knowledge, especially on how to help MSMEs market their products. The hope is that MSMEs, especially Audy Handmade, can implement it in running their business. It is known that there are several points of advice for preparing a marketing strategy that is presented as shown in Table 2.

Audy Handmade can focus on two points to develop its business such as brand image and marketing strategy. Based on the advice from experts, the bags produced still do not have any unique value from the competitors or other knit bags, so customers assume that the bags being

sold are the same as competitors. Therefore, Audy Handmade needs to strengthen its brand image by adding some distinctive design components to represent the characteristics of Audy Handmade products. For example, they can add designs that are unique to the region or designer. In terms of marketing strategy, they need to determine customer segments to make it easier to do marketing and design bag designs. For example, if they want to focus on the children's segment, then they can add or make bags with bright colors.

## 5. CONCLUSION

After going through an intensive community service process, we can conclude that efforts to improve the branding, marketing, and packaging of knitted bag products have resulted in significant progress for our service partners. Based on empowering MSMEs through holding marketing strategy workshops, it is known that there are several points that partners can implement in running their businesses. Two main points that need to be implemented are strengthening brand image such as adding the identity of MSMEs and improving marketing strategies such as determining customer segments. A strong brand identity, effective marketing strategies, and attractive product packaging can help increase the visibility, competitiveness, and sales of their products. However, there is still room for further improvement to ensure the long-term sustainability and success of their efforts. By implementing these suggestions consistently and sustainably, community service partners can continue to strengthen their position in the knit bag industry and achieve a higher level of success in achieving economic and social development goals in Yosowilangun Village.

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## CONSENT

As per university or international standards, participant written consent has been collected and preserved by the author(s).

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## COMPETING INTERESTS

Authors have declared that no competing interests exist.

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