

Research Article

Proposed Marketing Strategy of Batik MSMEs in Bandung Using Porter's Five Forces Case Study: Hasan Batik and Rumah Batik Komar

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Abstract.

Batik is a local Indonesian product widely sold by MSMEs and is competitive in the international market. In this digital era, coupled with significant online business growth, Indonesia's opportunities for batik export are also increasing. Therefore, Batik MSMEs need to pay special attention to formulating business strategies to compete in the digital age and capitalize on export opportunities. Much research on developing digital marketing targeting batik exports has yet to be conducted, so more in-depth analysis is needed. This research was performed using a qualitative descriptive method with literature study and direct observation of two batik MSMEs in Bandung and found the potential for developing marketing strategies for international markets. The results of this study are proposed digital marketing strategies using Porter's Five Forces, Resource-Based View, and TOWS analysis to determine the strengths of the batik industry, especially in the export business, to increase profits.

Keywords: Batik, digital marketing, MSME, Porter's Five Forces

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1. Introduction

UNESCO recognizes batik as a human heritage for oral and non-material culture originating from Indonesia [1]. Batik is a cloth made with various ornaments or patterns through the batik process, namely using wax as a dye-holding material so that the part of the cloth covered with wax is not exposed to dye during dyeing [2]. The decoration, types, and variations of batik are spread all over Indonesia. Batik is also believed to be a work of art made for Javanese royalty. At first, the use of batik was limited by each kingdom. Some certain materials and motifs are intended for specific groups, as mentioned [3]. However, as time passes, the use of batik motifs and materials is now expanded beyond social or economic status. Moreover, various regions have been encouraged to preserve and develop batik since recognition from UNESCO [4]. Currently, batik is seen to be

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widely used by most people in Indonesia, both in rural areas and big cities [1]. Batik users vary from locals to foreigners [3]. Batik is used by various groups in Indonesia and abroad because it has uniqueness and a locality that unites diversity, this is also the biggest attraction of Indonesian local tourism [1]. Therefore batik is a potential product in Indonesian local tourism. As also said, in his research on tourist destinations, local products typical of each country also compete fiercely [1]. The batik industry is one of Indonesia's typical local products and has relative competitiveness in the international market. Moreover, Indonesia dominates the global batik market [5]. This fact is reinforced by the increase in the export value of batik in semester 1 of 2022, namely USD 27.42 million [6].

The existence of batik is spread throughout Indonesia, and the city of Bandung is one of them. Two leading batik MSMEs echoed batik for the first time in Bandung, and are still developing, namely Hasan Batik and Rumah Batik Komar. Hasan Batik has the character of a modern-eclectic design with the use of repetitive, modular, and simple geometric elements [5]. Another batik MSME is Rumah Batik Komar, an MSME that provides various types of batik products in traditional and contemporary styles to both development designs [5]. From the two MSMEs, observations were made on their social media pages, and brand activation by cataloging their products still needed improvement. The products displayed on the social media pages of the two SMEs, especially Hasan Batik, whose product displays on social media still need to be more active and even tend to be inactive. To see a complete product, consumers must contact the WhatsApp contact available on the social media page and ask personally for the product they are looking for. Thus, consumers need help being able to view their product catalogs directly through social media pages.

Traditional marketing strategy used by MSMEs could not adapt to the times [7]. What's more, in this digital era the audience of social media visitors is not only local residents but also foreigners who need more communication if they have to contact sellers via WhatsApp. Therefore, it is necessary to maintain its attractiveness and competitiveness in the global industry by increasing imagery and popularity [8]. The development of digital marketing is one way to improve this. Studies on the development of digital marketing and exports for batik SMEs in Indonesia have been carried out by several previous researchers [3], [9], [10], [11], [12], [13], [14], [15]. The development of MSMEs using Porter's Five Forces analysis method is also carried out [16], [17]. Even so, only a few researchers have specifically discussed the proposed digital marketing strategy of batik MSMEs in Bandung using Five Porter's Forces analysis which can analyze the external

factors of an industry so that they can be processed to produce recommendations for developing business strategies.

2. Methods and Equipment

The method used in this study is descriptive qualitative. The qualitative data sought comes from literature studies and observation. Literature studies comes from journals, books, and other scientific articles to obtain data on marketing theory, Porter’s five forces analysis, and TOWS (Threats, Opportunities, Weaknesses, Strengths) analysis. Porter’s five forces theory is carried out to analyze industrial strength based on external factors. At the same time, the TOWS matrix is used to systematically improve the strategy by considering the relationship between Strengths, Weaknesses, Opportunities, and Threats. In addition, the authors made observations of two batik MSMEs in Bandung to directly observe the sales location, prices, and products sold, to the sales channel. The population in this study are batik SMEs in Bandung which have production sites and offline sales channels in the form of stores. The population is selected based on production capacity and availability of human resources to face the export market. This research sample was two batik SMEs in Bandung, namely Hasan Batik and Rumah Batik Komar.

3. Results and Discussion



As previously mentioned, Bandung has two leading MSMEs in the batik industry: Hasan Batik and Rumah Batik Komar. Observations were made of the two MSMEs located in Cigadung, Bandung City. Here are the results:

From the results of observations that have been made, then an analysis is made using Resource-based view as an internal analysis to formulate the strengths and weaknesses. The strengths and weaknesses are as follows:

<p>Internal Strengths (S) S1 Uniqueness and authenticity of product motifs and designs S2 Good product quality S3 Loyal buyers S4 Availability of good raw materials S5 Competitive prices with competitors S6 Has its own production site and batik artisans</p>	<p>Internal Weakness (W) Weaknesses W1 Lack of acces and management of e-commerce and digital promotional media W3 Irregular display grouping W4 There is no comprehensive catalog product yet</p>
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Figure 1: Strengths and Weaknesses.

TABLE 1: Observation Results.

No	MSMEs	Description
1	<p>Hasan Batik</p> 	<p>The offline store and workshop are located at Jl. Cigadung Raya Timur No. 136. Since 1978 Hasan Batik has been selling various batik products such as fabrics, skirts, shirts, outerwear, blouses, children’s clothing, encin sarongs, headscarves, to home decor. The price ranges from 100 thousand to 1.5 million rupiahs.</p>
2	<p>Rumah Batik Komar</p> 	<p>The offline store and workshop are located at Jl. Cigadung Raya Timur No.1 No.5. Rumah Batik Komar has been selling various batik products since 1998, such as fabrics, skirts, shirts, blouses, outerwear, bags, headscarves, ties, tissue holders, and wallets.</p>

Porter’s Five Forces is an external analysis method, which is a framework for industry analysis and business strategy development [18]. There are 5 points of analysis, including Threat of New Entrants, Bargaining Power of Suppliers, Bargaining Power of Buyers, Threat of Substitutes, and Competitive Rivalry. Porter analysis is carried out to determine the level of threat and supply from each point. The following is Porter’s Five Forces analysis on the batik industry:

Based on Porter’s analysis, it can be determined that the growth of newcomers in the batik industry is both too high and too low because competition in this industry is relatively low. This batik industry has a high level of loyalty to a brand, and it is unlikely that buyers will switch to other competitors. Hence, the potential for increasing profits is relatively high. This is an opportunity in this industry to improve the quality and authenticity of its products. After obtaining the analysis results in the batik industry, an in-depth study was carried out through the TOWS Analysis. A SWOT analysis is carried out to carry out the TOWS Analysis, namely Strengths, Weaknesses, Opportunities, and Threats. Furthermore, the SWOT analysis points are processed using TOWS as a tool to produce business development strategy recommendations as follows:

Using the TOWS matrix resulted in several points for developing the batik industry in Bandung by preparing for market expansion by exporting to countries that have an interest in Indonesian batik products (WT), maintaining good product quality (ST),

TABLE 2: Porter's Five Forces Analysis.

No	Porter's Five Forces Analysis
1	<p>Threat of New Entrants (Low) To start a business needs low capital and easy for others to imitate [19]. To get authentic results, they have high capital and are challenging to imitate [19]. Making batik and motif designs can be replaced by digital processes [20]. Authentic design produced from a traditional process attracts consumers, especially international tourists [21]. Easy to find customers for batik sellers to get them because interest in the market for batik products is very high [6].</p>
2	<p>Bargaining Power of Suppliers (Moderate) Sellers of batik products have leading suppliers and are easy to obtain from other suppliers. Availability and easy-to-obtain raw [6]. Can quickly negotiate or find suppliers that are more profitable in business. Only batik artisans have a unique process, making and finding suppliers that meet the standards difficult. Have production sites and in-house batik artisans.</p>
3	<p>Bargaining Power of Buyers (Moderate) Has a relatively high number of enthusiasts, purchases of batik are growing every year [22]. Growing interest in batik is widespread within the country and even overseas. Batik enthusiasts see the uniqueness and authenticity of batik products as necessary in making purchases [21]. Competitive product quality and prices [23]. Buyers of batik products prioritize repeat orders to brands they already trust, and are loyal [24].</p>
4	<p>Threat of Substitutes (Moderate) Products are very easily replaced because of digital processes, but will reduce the uniqueness and its authenticity. The value of the uniqueness and authenticity of batik products of a brand, will not be easy to be switched [21].</p>
5	<p>Competitive Rivalry (Moderate) The batik industry has grown significantly [4], and many competitors exist [25]. Products in this industry are unique and authentic, so the switching costs are high from one seller of batik products to another. It can be concluded that competitive rivalry is low.</p>

Internal	External	<p>External Opportunities (O) O1 Opportunity and ease of export O2 Rapid growth of digitization O3 Large market potential, increasing demand O4 Ease of obtaining raw materials</p>	<p>External Threats (T) T1 Lack of knowledge and skills in export management T2 The company's unpreparedness in facing digitalization T3 The emergence of foreign competitors in the batik industry with lower prices</p>
<p>Internal Strengths (S) S1 Uniqueness and authenticity of product motifs and designs S2 Good product quality S3 Loyal buyers S4 Availability of good raw materials S5 Competitive prices with competitors S6 Has its own production site and batik artisans</p>		<p>SO Producing export quality batik with special designs in larger quantities (S2, S4, S6, O1, O3, O4) Preparing companies to expand the market by exporting to countries that have an interest in authentic Indonesian batik products (S1, S5, S6, O1, O3, O4)</p>	<p>ST Maintaining good product quality as brand positioning (S2, T3) Creating customer relationship management to maintain loyal customers (S3, T3)</p>
<p>Internal Weakness (W) Weaknesses W1 Lack of access and management of e-commerce and digital promotional media W3 Irregular display grouping W4 There is no comprehensive catalog product yet</p>		<p>WO Activate social media and e-commerce to capture a wider market both at home and abroad (W1, O2) Created an organized catalog system of all product articles to make it easier for online consumers to shop (W2, W3, O2)</p>	<p>WT Preparing companies in export management and facing digitalization (W1, T1, T2) Displays a digital catalog of all product articles on all online sales platforms and social media (W2, W3, T2)</p>

Figure 2: SWOT and TOWS Analysis.

creating customer relationship management (ST), and creating an organized catalogue

system to make it easier consumers shop online (WO). One of the business developments in the form of a marketing strategy that can be applied to the batik industry in Indonesia is developing digital marketing by displaying products digitally on social media platforms and e-commerce to reach international markets. Products published in digital catalogues are prioritized for authentic traditional products because this is the main interest of tourists in a particular region or country [21].

4. Conclusion

This research found export opportunities and recommendations for developing digital marketing in the batik industry in Bandung, especially for UMKM Hasan Batik and Rumah Batik Komar in the current digital era. Social media exchange information between individuals and can be used as a digital promotional medium. This digital era makes it easy for anyone to access social media and e-commerce pages easily. This causes the industrial market in general, especially batik, to become more comprehensive. Not only reaching the national market but also the international market. In response, efforts can be made to create a digital marketing strategy that focuses on cataloging all batik product articles owned by UMKM Hasan Batik and Rumah Batik Komar, especially those which are authentic traditional products as the main attraction for international consumers. Future research can examine the most appropriate type of digital platform for use by each MSMEs by conducting interviews to obtain a more in-depth internal analysis.

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