

Research Article

Analysis of the Effectiveness of Implementing Marketing Mix Strategy in MSMEs

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Abstract.

Small and medium-sized enterprises (MSMEs) are businesses owned by individuals or entities that meet certain criteria. They play a vital role in Indonesia's economic growth. In Batu City, the abundance of apple orchards has led many residents to start apple-based businesses, creating a thriving MSME sector with a variety of apple products. One such MSME, Brosem Apple Cider, faces challenges common to small businesses, including fluctuating demand and competition from similar businesses. To succeed in this environment, Brosem needs to carefully consider its marketing strategies to meet customer needs and gain a competitive edge.

This research explores how effectively Brosem Apple Cider is using marketing mix strategies, using a SWOT analysis to identify strengths, weaknesses, opportunities, and threats. The study uses descriptive research with a qualitative approach. The findings suggest that Brosem's current marketing mix is not as effective as it could be, based on data related to sales, production, distribution, and their ability to invest in new equipment. The SWOT analysis further confirms weaknesses in their current marketing mix implementation. Therefore, Brosem Apple Cider needs to improve its mixed marketing strategies to achieve greater success.

Keywords: 4P marketing mix, effectiveness, MSMEs, Brosem Apple Cider

1. Introduction

Small and Medium Enterprises (MSMEs), as defined by Indonesian law, are businesses owned by individuals or entities that meet certain criteria based on annual turnover, assets, and number of employees. They're a crucial part of the economy, boosting local economies and providing jobs.

Batu City, nestled in the mountains, is known for its abundance of apple orchards. Apples are the city's top agricultural product, earning Batu City the nickname "City of Apples" and making the apple its symbol [1]. As the number of MSMEs in Batu City grows, it's essential to support their development, particularly in areas like marketing.

Marketing, as defined by Kotler and Armstrong, is about engaging customers and building profitable relationships. A key part of marketing is developing a sound strategy,

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Published: 25 June 2025

Publishing services provided by
Knowledge E

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Selection and Peer-review under the responsibility of the BICBATT 2024 Conference Committee.



which includes identifying target markets and establishing a strong market position [2]. This strategy involves various activities aimed at achieving business goals [3]. One such strategy is the marketing mix [4].

The 4Ps of the marketing mix – Product, Price, Promotion, and Place – are essential elements. Successfully implementing this strategy can help MSMEs achieve their objectives. The plentiful apple harvest in Batu City has enabled local MSMEs to create valuable apple by-products, like apple cider. Currently, there are 16 active MSMEs in Batu City producing apple cider. One of them is Brosem Apple Cider.

However, Brosem Apple Cider faces challenges. Like many small businesses, they experience fluctuating demand and intense competition. To thrive, they need a marketing mix that aligns with customer needs and gives them a competitive advantage. Measuring the success of these marketing efforts involves assessing their effectiveness – how well they achieve the company's goals [5]. A well-executed marketing program combines the elements of the marketing mix into a cohesive strategy that engages customers and provides value. Ultimately, the effectiveness of a company's marketing mix can influence customer decisions and sales [3].

This research aims to understand how Brosem Apple Cider and other MSMEs are using the marketing mix and how effective their strategies are.

2. Research Methods

This research takes a qualitative approach, aiming to understand the situation at Brosem Apple Cider through detailed descriptions and explanations, rather than focusing on statistical relationships [6]. It's like exploring a story to understand what's happening, rather than trying to prove a specific point. This descriptive approach is well-suited to analyzing the effectiveness of Brosem's marketing mix, allowing researchers to capture the nuances of their current strategies in a dynamic economic and social context [7]. A SWOT analysis will be used to examine Brosem's marketing mix strategy.

The research gathers information from two main sources:

1. Primary Data: This involves direct interaction with key people:
 - (a) At Brosem Apple Cider: The main manager, the head of production, and the head of logistics.
 - (b) Outside Brosem: The head of staff at a souvenir shop (Tino's) and a customer.

2. Secondary Data: This includes existing materials that provide context and background:

- (a) Documents: Articles, journals, and books on marketing and related topics.
- (b) Visuals: Existing images and photographs taken by the researcher.
- (c) Records: Sales data for Brosem Apple Cider, competitor information from the Batu City Bureau of Statistics, and relevant academic work like theses and journals.

The researchers use several methods to collect data:

1. Interviews: Direct conversations with the individuals mentioned above, asking questions about Brosem's marketing mix strategies.
2. Observation: Careful observation of activities at Brosem Apple Cider to understand how their marketing strategies are put into practice. This involves using all the senses to gather information.
3. Documentation: Reviewing existing documents like books, articles, and reports, as well as taking notes and photos during the research process.

3. Results and Discussion

Batu City, a city in East Java and part of the Malang Raya region, is known as "Apple City" due to its significant apple production. Brosem Apple Cider, a medium-sized cooperative business founded in 2004, produces packaged apple cider drinks. It started as a venture by local housewives and received government support to process local agricultural products.

Marketing Strategy Analysis (4P Marketing Mix):

A well-defined marketing strategy is crucial for any business. Brosem Apple Cider has implemented a 4P marketing mix strategy, but its effectiveness varies.

1. Product: Brosem capitalizes on Batu City's apple abundance. Their production process, from raw material selection to packaging, takes place six days a week in their production facility. They focus on maintaining product quality through careful raw material selection and process monitoring, although formal certification is lacking. They offer plastic cup packaging with cardboard boxes for larger orders.

The “Brosem” brand name, originally derived from two street names, now has a deeper meaning related to the business.

2. Price: Brosem considers internal factors like raw material costs, operational expenses, and margins when setting prices. They offer wholesale pricing for orders over 100 pieces with a bonus product, while retail customers pay standard prices. They accept both cash and bank transfers. Discounts aren't offered.
3. Place/Distribution: Brosem's production facility is located in a converted house in Sisir Village. They chose this location for its proximity to employees' homes. Their market reaches across Indonesia, including Java, East Kalimantan, NTT, and Bali, with potential for further expansion due to Batu City's tourism. They use both direct (producer to consumer) and indirect (using intermediaries) distribution channels. Products are stored in a warehouse with controlled temperature before distribution.
4. Promotion: Brosem uses social media (Instagram, Facebook, and TikTok) and e-commerce (Tokopedia) for online promotion, managed by outsourced staff. They also have a physical shop near their production facility, selling not only their products but also other local MSME goods on consignment. This shop, however, lacks adequate parking.

Effectiveness of the 4P Marketing Mix:

Effectiveness is measured by how well a company achieves its goals. Brosem's sales and production data for their 32-count carton variation show promising growth, suggesting a positive impact from the 4P marketing mix. However, this positive impact isn't consistent across all product variations (18 and 40 counts), indicating that the marketing mix strategy isn't being applied evenly. This uneven distribution needs attention to optimize sales and production for all products.

Brosem's ability to purchase two new production machines also suggests a degree of success with their marketing strategy. This investment ensures business continuity and addresses potential equipment failures. However, the new machines are stored at an employee's home due to limited space at the production facility, highlighting a potential infrastructure issue.

A significant weakness is the ineffective implementation of the promotion aspect, particularly online. Interviews with agents and consumers revealed a lack of awareness about Brosem's online presence, suggesting that their digital marketing efforts aren't

reaching their target audience. This is a crucial area for improvement in today's digital landscape.

Finally, the shop's limited parking and the issues with product inventory and storage further point to the need for a more effective "Place" strategy. These logistical challenges need to be addressed for smoother operations.

4. Conclusions and recommendations

4.1. Conclusions

This study evaluated the effectiveness of Brosem Apple Cider's 4P marketing mix (Product, Price, Place, and Promotion) in Batu City. Here are the key findings:

1. **Product: Effective.** Brosem's apple cider is well-received by stakeholders (companies, agents, and consumers). Its appeal stems from leveraging Batu City's apple resources, its palatable flavor, quality certification, and practical packaging.
2. **Price: Effective.** The pricing strategy is considered effective due to its affordability and competitiveness. Both agents and consumers find the prices acceptable, and the wholesale pricing structure provides mutual benefits.
3. **Place: Partially Effective.** While the central location of Brosem's distribution channels is strategically advantageous, the limited number of delivery vehicles (fleet) hinders distribution effectiveness. Furthermore, issues with product storage and inventory management, including leaks, need to be addressed. The increasing demand for Brosem's apple cider necessitates an expansion of production and warehouse capacity to meet customer needs.
4. **Promotion: Ineffective.** Online promotion efforts are not reaching their target audience. Agents and consumers are largely unaware of Brosem's online presence on social media and e-commerce platforms. While offline promotion through MSME events and Mr. Riyanto's speaking engagements is present, online promotion requires significant improvement. This necessitates developing the company's human resources to manage and implement effective online promotion strategies.

4.2. Suggestion

Based on the conclusions, here are some suggestions for future research and for Brosem Apple Cider MSME:

For Future Research:

1. **Expand Scope:** This research focused on the 4P marketing mix. Future studies could explore other relevant variables to provide a more comprehensive understanding of Brosem's marketing effectiveness.
2. **Diversify Methods:** This research used a qualitative approach. Future research could incorporate quantitative methods to provide numerical data and statistical analysis. Additionally, including a larger and more diverse group of informants could strengthen the data.
3. **Consider External Factors:** Future research could investigate the impact of external factors, such as customer perceptions and competitive landscape, on Brosem's marketing performance. Examining the 7P marketing mix (adding People, Process, and Physical Evidence) could also be valuable.

For Brosem Apple Cider MSME:

4. **Overhaul Marketing Strategy:** Brosem should revisit and revise its current marketing strategy, particularly the 4P elements. The SWOT analysis should be used to address weaknesses and mitigate threats. Special attention should be paid to improving online promotion efforts and resolving logistical challenges related to distribution, storage, and inventory management. Investing in training for staff responsible for online promotion is highly recommended.

Conflict of Interest

The authors declare no conflict of interest.

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