

ANALYSYS OF MARKET SEGMENTATION STRATEGY APPLICATION AT PT. MAKIN JAYA AGUNG KENDARI

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Abstract—This research aims to determine the application of marketing effectiveness through market segmentation strategy at PT Makin Jaya Agung Kendari. To answer the problems in a deep manner, this research used qualitative descriptive approach. Data analysis method used data qualitative analysis method by Miles and Huberman consisting of data reduction, data presentation and conclusion drawing. Results of the research show that market segmentation strategy taken by PT. Makin Jaya Agung Kendari can be applied. It is concluded that the selected segmentations are (a) geographical segmentation (level of regional) namely all areas with access of transportation, both land, sea and air transportation, (b) demographical segmentation (age, education, gender, income) namely market segmentation addressed to group of teenagers and elderly with needs for alternative treatment for network business actors, (c) psychological segmentation (lifestyle, social status): the products in the forms of herbal products from upper class to lower middle class, needs for facial treatment and skin beauty treatment. In term of social status, it is about needs for harmony (vitality) and herbal for women fertility, (d) behavioral segmentation (behavior of purchase by behavioral habit): first, habit of behavioral group of society in term of purchasing product, behavior of life style by needs and behavior of selecting product variants.

Index Terms—Strategy, Market Segmentation.

1 INTRODUCTION

The current digital 4.0 era requires each company throughout the world to always design effective marketing strategies in order to win an increasingly tense competition. By high level of competition, it also give effects on company engaging in production of herb products, beverage, foods and supplement products. It can be seen in almost all sectors, business competition to attract customers, including in sector of consumption goods and drugs.

.A company establishment has certain goals, one of which is to obtain maximum profit by using excellence in product sale. Moreover, in this current 4.0 industrial era, company must always have competitive strategy in effective and efficient market control (Kamp & Parry, 2017).

Effective marketing strategies often consist of a combination of a number of tactical marketing with synergic cooperation to build a brand, reduce rejection of sales, and create product interest and desire as well as first-rate customer service. Currently, marketing can be found anywhere, formally or informally; people and organizations involve in a great number of activity called as marketing. But there is still an obstacle faced by almost all companies, namely there is no current connection to all customers in a large number, a broad ad various markets. Each company has desire to focus on customers in capacity and by customer intimacy. For this strategy, marketers ten divide customers into groups of customers or called as segmentation based on different needs and desire. Such strategy divides markets into this homogenous group called as segmentation. Even companies facing massive marketing phenomena, currently they adopt this latest world strategy namely segmentation. The segmentation aims to center marketing energy and power for grouping in order to obtain competitive excellence in the segmentation.

PT Makin Jaya Agung is a company engaging in production of foods, beverage or supplements and also beauty products with basic materials from agar wood extract. Needs for product by PT Makin Jaya Agung is seen as customer desire when it is directed to certain object as the main product of the company, it may also use as meeting consumer needs. Desire is formed by the society (Kotler, 2000). Had an opinion that needs are things that cannot be done by others; desire is a method in which people want their needs to be satisfied. Demands are desire for certain products supported by ability to pay (Kotler, 2000).

PT Makin Jaya Agung since 2019 marketed its products to the society and faced obstacles in meeting company marketing targets; one of which can be seen from weakening buying power of potential customers so it can give effects on company income, mainly when entering pandemic era. The buying power is seen as the main challenge for herb industrial actors in this year. Marketing strategies taken by PT. Makin Jaya Agung Kendari currently is assessed to be less effective. This is shown by some approaches which show less optimal results in forming company positive image. Currently, there are increasingly similar company competition and product competition engaging in trade sector of food, beverage, health and beauty supplement products. The company is still categorized as the new one and still has no ability to create appropriate strategy designs for herb products with agarwood extract as basic material. Such condition leads to fluctuative company sales and not maximal company profit. Based on the phenomena seen in PT. Makin Jaya Agung, then this research aims to determine and analyze market segmentation strategy application at PT Makin Jaya Agung.

2 LITERATURE STUDY

2.1 Concept of Marketing Strategy

According to Stoner, Freeman, and Gilbert Jr. (1995), strategy concept is defined based on two different perspectives. Based on the first perspective, strategy can be defined as a program to determine and achieve organizational goals and implement its mission. And, based on the second perspective, strategy is defined as a response pattern or organizational response to its environment all the time. Strategy statement explicitly serves as key for success in facing changes on business environment. Strategy can provide unity of direction for all organizational members. If strategy concept is not clear, the decision making will be subjective or based only on intuition and ignore other decision.

Marketing Strategy is a set of goals and objectives, policies and rules that guide company marketing efforts from time to time, at each level and its references and allocations, especially as company response to ever-changing environment and competitive conditions. (SofyanAssauri: 2011:169). According to Assauri (2010: 154) marketing strategy is a comprehensive, integrated and unified plan in the field of marketing, which provides guidance on the activities to be carried out in order to achieve company marketing objectives.

2.2 Market Segmentation

Basically, market segmentation is a process of dividing overall market of a heterogeneous service product into some segments which each segment tends to be homogenous in all aspects. Segmentation has similar types of definition. Schiffman defined segmentation as a process of dividing market into groups with general needs or characteristics and selecting one or more segments to determine market target based on marketing mix. Basically, market segmentation shows opportunities in market segments faced by a company. Segmentation includes (1). Geographical Market Segmentation, (2). Demographical Market Segmentation, (3). Psycho-graphical Market Segmentation.

2.3. Grouping Consumer Markets

Since market segmentation involves market grouping into different sub-groups which can be served by different marketing mix, there are a number of ways for market segmentation, but all approached of the market are started by four main questions, namely (1) who have the needs or desire for our service/product/offers (needs or desire), (2) do they have budget or money to buy the product or service in various forms (or do they have to / want to adjust strategy of price determination to service target market?) (money)?, (3) Who are decision makers or who have the authority for this purchase decision?. If we center the efforts to these consumers as a group, (4) do they have different needs, habits, and attitude to be able to approach and service as a group or segment (distinctive)?. The fourth questions have acronym as MADD. MADD helps marketers to divide greater markets into buyer groups which may require separated products or marketing mix and communication. D in the last MADD implies some ways to predict how vendors can differentiate to offer consumer distinguished, relevant and excellence value.

2.4 Market Segment

Market segment is a group of individual, group or organization which may have the same interest, properties and characteristics. Consumer segment may have similar needs, desire and expectation. Thus, business must question to itself which segment do they have to service? to answer this question, business must determine the most appropriate way to different and distinguish the segments. After identifying segments, they have to adjust their offers to satisfy each segment. The market segmentation is actually a process of identifying market segment and a process of dividing broad customer basis into sub-group of consumers consisting of existing customers and potential customers.

Once the customer segments are identified and profiled, marketers must decide which segments to target. Religious customers have different expectations. For example, there may be customers who will value a differentiated and high-quality service, while others may be more sensitive to price. However, not all companies have resources to serve all customers in an adequate manner. Trying to serve the entire market can be a recipe for disaster. The overall goal of segmentation is to identify high-yielding segments. This may be the most profitable customer group, or it may have potential to grow. Therefore, the most profitable segment will usually be the target market.

3 FRAMEWORK

This researchers want to determine how to increase effectiveness and efficiency of marketing strategies through market segmentation for herbal products and supplements at PT Makin Jaya Agung so that the existence of this segmentation strategy will encourage customers or buyers to decide to buy herbal products and supplements. The market strategy itself is determination of available target markets so that these herbal products and supplements can be accepted by consumers according to their target markets. For this reason, marketing executives at all levels in the organization must develop relevant, defined strategies about their organizations and market targets. Based on the description of theories and phenomena, it can create a conceptual framework as shown in the following figure:

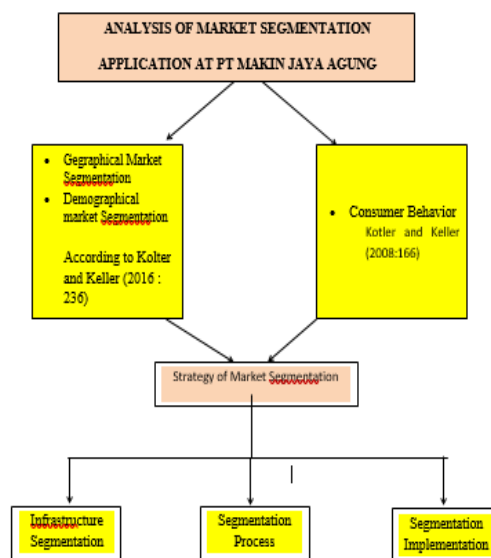


Figure 3.1 Conceptual Framework

4 METHOD

4.1 Research Location

Research location is a research place where research activities are carried out. The location determination is intended to simplify and clarify the objects as the research targets, so that the problem is not too broad. The place of this research is at PT Makin Jaya Agung company in Kendari, Southeast Sulawesi. According to Moleong (2005), the research object is the point of attention of a study.

4.2 Research Informants

The informants of this research were chosen because they are considered to understand about the objective conditions of PT Makin Jaya Agung Kendari which consists of: (1). Owner of PT Makin Jaya Agung as the owner of the company under study, 1 (one) person, (2). Company Director/Manager, 1 (one) person, (3). Company Super System/ MBE (Management Business Education) 1 (one) person, (4). Company Partners PT Makin Jaya Agung I (one) person and (5). Treasurer of PT Makin Jaya Agung, 1 (one) person. As for the data collection techniques, the data collection techniques can be done by observation, interviews, documentation and a combination of the four.

4.3 Data Analysis Method

Data analysis in this study was carried out through three activities simultaneously, namely data reduction, data presentation, and drawing conclusions or verification, Miles and Huberman (1992) in Sugiyono (2015: 246). Qualitative data analysis is an ongoing, iterative and continuous effort. Problems of data reduction, data presentation, and conclusion drawing are a series of analytical activities that follow one another.

5 ANALISYS

5.1 Application of Market Segmentation Strategies

Based on results of in-depth interview with informants related to questions (1) the targeted market segment by PT Makin Jaya Agung Kendari for herbal and supplement products, whether (a) Geographic segmentation (regional level), (b) Demographic segmentation (age, education, gender, income), (c) Psychographic segmentation (lifestyle, status social), and (d) behavioral segmentation (buying behavior due to behavioral habits), it can be concluded that the selected segmentation is:

- a. Geographic segmentation (regional level); geographical target of herbal products by PT. Makin Jaya Agung Kendari is all regions with access of transportation, both land, sea and air transportation as its geographical targets. The company is supported by operational vehicles to deliver the products to its consumers until remote areas. Moreover, now, there are a number of expedition

companies providing services of product delivery to all areas of Indonesia.

- b. Demographic segmentation (age, education, gender and income) is a market segmentation of herbal products addressed to groups of teenagers, elderly mainly for elderly with special needs for alternative treatment. Variables of gender illustrates that male and female have different attitude and behavior in product decision-making, most are based on genetic arrangement and some others are by socialization. Female tend to have communal thinking, while male tend to be more expressive and be directed by goals. The products are not only marketed based on age, but also based on interest of a level of generation.
- c. Psychographic segmentation (lifestyle, social status): from upper class to lower middle class, the needs for facial and skin care beauty and social status for the needs of family harmony such as sexual needs of husband and wife
- d. Behavioral segmentation (purchase behavior due to behavioral habits): first, behavior of group of people habits in terms of buying products, lifestyle behavior because of needs; second, behavior because of needs in this case is alternative treatment; third, behavior in choosing product variants, namely solely for alternative additional needs and basic needs, such as when there are complaints of disease which cannot be treated by one doctor so they will take herbal treatment alternative products, one of which is the product by PT. Makin Jaya Agung. Society tendency such as in Kendari city and its surroundings show that practically buying products in the form of herbs and supplements offered by PT. Makin Jaya Agung Kendari is still considered to have its own social value or prestige, which is able to raise social status.

In term of determination pattern of market targets for PT Makin Jaya Agung Kendari, an informant, MM, stated that there was expansion of the marketing target area. It was caused by development or expansion of the meeting continuously during the season and also by online platform strategy. The MM informant said: "Target market determination at PT. Makin Jaya Agung has a real target and so far, thank God, the graph shows significant increase in sales turnover, because there is a development or expansion of meeting area continuously and it seems that our sales targets can be approaches since during this season, we have (run) an online platform.

The efforts taken in the application of marketing strategies at PT. Makin Jaya Agung Kendari to the company party are seen as an important issue; it is by providing an understanding of product advantages to partners, holding basic training for new partners so that they get a clear understanding of how to consistently follow up partners and how to recruit partners so that with by increasing number of partners, it is expected that there will be good implementation strategy at PT Makin Jaya Agung so that it will create as many partners as possible across the archipelago.

5.2 Product Distribution of PT.Makin Jaya Agung Kendari

Currently, all distribution channels for this product have been facilitated by the presence of cargo and the existence of product delivery expeditions which can take PT Makin Jaya Agung products throughout the country. The company also facilitates each province with a master stop of products sent by ship or airplane so that it is easier for all partners in various provinces to pick up their products at master stop provinces or at stockiest throughout the regency. The MM informant said: "Currently all distribution of (herbal) products have been facilitated by the presence of cargo and also by the existence of expeditions, which greatly facilitates distribution channels in each province and stock of products have been distributed by the company itself to regencies. We also provide stop products by the company.

So in each region, there are company representatives selling our goods (products). This was also confirmed the informant, MS, who said: "In term of marketing allocation and types of transportation used by PT Makin Jaya Agung in delivering these products, the company facilitates each province by a Master stop for its products sent by ship or airplane in order to make it easier for all partners in various provinces to pick up their products at provincial master stops or at stockiest throughout the regencies. Market consideration for selecting distribution channels for herbal products based on the type of targeted market is the form of herbal industry but is included in type of consumer market because herbs/supplements are community needs that must be met and as a necessity in the Covid-19 pandemic era.

5.3 Promotion Method of PT. Makin Jaya Agung Kendari

PT. Makin Jaya Agung Kendari conducted promotion program so that its herbal / supplement products can be more known by all classes of society. Also, it aims to inform the public concerning its product benefits of use of the herbal/supplement products.

Currently, marketing of a product is focused to social media in a massive manner which it is easier by marketing access and promotion to consumers, such as Facebook, WA, Instagram and other media. Marketing with promotion strategy using internet mainly social media (social network) can increase sales in a large manner. According to the informants, MM and MS, there was a method of promotion or promotion media taken by PT. Makin Jaya Agung Kendari namely current use of online platform such as Facebook, Instagram (IG), and website. Spreading information of the products can also be taken by pamphlets/(brochures), webinars, seminars, one on one partner recruitment methods and home meetings

6 CONCLUSION AND RECOMMENDATION

6.1 Conclusion

Based on the results and discussion, it can be concluded that the application of market segmentation strategy at PT. Makin Jaya Agung Kendari shows that:

- 1 Geographical segmentation (regional level) is entire area that can be accessed by transportation, land, sea and air, and its geographical target area.

- 2 Demographic segmentation (age, education, gender, income) is market segmentation aimed at teenagers, elderly, especially the elderly who need alternative treatment for network business actors.
- 3 Psychographic segmentation (lifestyle, social status): consumers of PT Makin Jaya Agung Kendari products in the form of herbal products from upper class to lower middle class, the needs of beauty care / facial and skin care. Continue to expand to social status for the needs of family harmony (vitality) such as husband and wife sexual needs and female fertility herbs.
- 4 Behavioral segmentation (buying behavior due to behavioral habits): first, the behavior of group of people habits in terms of buying products, lifestyle behavior because of the need; second, behavior because of the need for alternative additional needs and basic needs; third, behavior in choosing product variants, which is solely for alternative additional needs and basic needs, such as when there are complaints of disease that cannot be treated by doctors, then they will take alternative treatment by using herbal products, one of which is herbal product by PT. Makin Jaya Agung.

6.2 Recommendations

Based on results of the discussion, the researchers need to provide the following recommendations:

1. The management of PT. Makin Jaya Agung Kendari should pay more attention to market segmentation patterns that can increase company profitability.
2. The management of PT. Makin Jaya Agung Kendari should pay more attention to marketing strategies in the promotion aspect of social media because current technological trends give effects on how products are promoted in the company.

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