

THE MARKET PENETRATION STRATEGY AS TOOLS TO INCREASING THE COMPETITIVENESS OF MICRO, SMALL, AND MEDIUM ENTERPRISES (SMEs) IN MODERN INDUSTRY

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ABSTRACT

This research investigates the application of Market Penetration Strategy as an effort to increase the competitiveness of Micro, Small and Medium Enterprises (MSMEs) in an industry that displays a high level of competition. The main objective of this research is to evaluate the effectiveness of market penetration strategies as a means of improving the competitive position of MSMEs in the modern market. Research methods include market analysis, surveys, and case study approaches to understand the industry context and implement the strategy.

The research results show the success of MSMEs in creating relevant products, adjusting prices to market needs, managing efficient distribution, and designing effective promotions. The implications of the results of this research can provide practical guidance for MSMEs and also be a constructive contribution to the development of policies that support the growth of MSMEs in a competitive industrial environment. The research findings are consistent with the views of Sadikin and Kusman (2021), who emphasize market penetration strategies as the key to increasing the competitiveness of MSMEs. In Woven Fabric MSMEs, this strategy helps optimize revenue, increase product relevance and expand market share. The active involvement of MSME owners, commitment to improving skills and innovation, as well as careful management of marketing strategies are the main determining factors for the success of Woven Fabric MSMEs in Petamburan.

Keywords: Strategy, Market Penetration, Competitiveness, MSMEs, Modern Industry

1. Introduction

The growth of Micro, Small and Medium Enterprises (MSMEs) has become an integral part of the Indonesian economy. MSMEs not only make a significant contribution to gross domestic product (GDP), but also create jobs and strengthen the economic structure. Even though they have a vital role, MSMEs are faced with various challenges, especially in facing an increasingly competitive market. Increasing the competitiveness of MSMEs is a must to ensure the continuity and growth of this sector.

Indonesia, as a country with a large number of MSMEs, faces fierce competition in local and international markets. The success of MSMEs in maintaining their market share is the key to the sustainability of their business. In this context, market penetration strategy emerges as a potential approach to increase the competitiveness of

MSMEs in modern industry. Micro, Small and Medium Enterprises (MSMEs) play an important role in a country's economy, especially in creating jobs, driving the local economy, and contributing to overall economic development. However, MSMEs are often faced with challenges in maintaining their competitiveness, especially in the modern industry. In this context, marketing strategy is a key element that can determine the success of MSMEs in facing intense competition.

Efforts to improve the performance of the MSME sector have become the government's main focus by implementing a number of strategic steps. Through various supports in terms of regulations and implementation of incentive programs, such as tax relief, capital assistance and training, the government seeks to provide stimulus and encouragement so that MSMEs can grow and develop (Khaeruman et al., 2021). However, the success of this effort does not only lie in government policy alone, but also requires active involvement and strong commitment from MSME owners. This commitment is an essential foundation so that this business can run optimally and provide a significant positive impact.

The role of MSME owners in responding to and utilizing government policies is the main key to the success of this initiative. A sustainable commitment is needed to continue to develop learning capacity, explore innovation and increase competitiveness. Without a strong commitment on the part of MSME owners, the potential of various government supports may not be fully utilized, and opportunities for sustainable growth may be missed (Elwisam & Lestari, 2019)

Thus, it is important for MSME owners to continue to explore new knowledge, improve skills, and adopt innovations in both their products and business processes. The combination of sustainable government support and commitment from MSME owners will be the main pillar in stimulating the growth and competitiveness of the MSME sector in Indonesia. Market penetration strategies are an interesting approach to analyze in increasing the competitiveness of MSMEs, especially in modern industries. Market penetration involves efforts to attract more customers in an existing market by offering better products or services or at more competitive prices. In the context of MSMEs, implementing this strategy can be an effective means of expanding market share and increasing their competitiveness.

Marketing strategy is the main factor in achieving business success today. Consisting of a series of strategic steps, this concept aims to promote the company's products by focusing on three main elements: product promotion, competitive pricing, and product quality management (Siti Mariam & Fika Aryani, 2023). Product promotion involves various methods such as advertising and social media marketing to build consumer awareness and interest. Competitive pricing is the key to grabbing consumer attention and winning competition in the market. Companies need to implement careful pricing policies to match product value and be able to compete with similar products (Usino et al., 2021). Apart from that, making strategic decisions regarding target markets, product placement, marketing mix, and estimating marketing costs is also an integral part of marketing strategy. Success in designing and implementing marketing strategies is the main key to achieving business targets and increasing competitiveness in an increasingly competitive market. Therefore, managing marketing strategies carefully and consistently is essential in achieving business success.

According to Kusuma, (2015), an Indonesian economic expert, increasing the competitiveness of MSMEs is crucial in supporting national economic growth. Market penetration strategies, which include improving product quality, smart marketing, and competitive pricing, can be the main key in winning competition in a challenging industry. By understanding local market dynamics, MSMEs can identify new opportunities and respond to changing consumer needs more quickly, thereby improving their competitive position. This statement reflects the importance of this research in providing better insight into how MSMEs in Indonesia can utilize market penetration strategies to face competition at local and global levels.

This research aims to critically explore how implementing market penetration strategies can be an effective means of increasing the competitiveness of MSMEs in the modern industry in Indonesia. Through in-depth analysis of the implementation of this strategy, the research will identify the key factors that influence the success of market penetration strategies in the MSME context. This research seeks to answer crucial questions regarding how market penetration strategies can be a vital tool for increasing the competitiveness of MSMEs in Indonesia, especially in industries that are fiercely competitive. By understanding local market conditions and identifying

the opportunities and challenges faced by MSMEs, this research hopes to provide valuable insights for businesses, governments and other stakeholders.

The research is expected to provide an in-depth view of MSME business practices in Indonesia, and how the use of market penetration strategies can be the key to success in facing intense competition. It is hoped that the findings from this research can make a positive contribution to the development of economic policies and marketing strategies for MSMEs in Indonesia, which in turn will support sustainable national economic growth.

Marketing strategy

Marketing strategy as a crucial element in business success has received various definitions from experts. According to Umar, (2011), strategy is defined as action that is incremental (always increasing) and continuous, and carried out based on the perspective of what customers expect in the future. This shows that marketing strategies are not static; rather, it refers to continuously evolving steps to meet customer expectations. Sarfraz et al., (2023) view strengthens this concept by revealing that strategy is the overall concept of how a company organizes itself and all activities with the aim of running the business successfully, competing, and providing returns to shareholders. A holistic understanding of marketing strategy includes managing all aspects of the company to achieve success, compete effectively in the market, and provide optimal results to shareholders (Kusuma, 2015).

Marketing strategy is not a static series of steps, but rather a constantly evolving process. This involves creating ever-improving incremental actions, taking into account future customer expectations. Marketing strategy also includes the overall management of the company to achieve business success, face competition, and provide optimal returns to shareholders (Siti Mariam & Fika Aryani, 2023). In a dynamic environment, implementing smart and sustainable marketing strategies is the main key to business success.

Competitiveness

Competitiveness is a critical factor in economic dynamics, especially in the context of the production of goods and services aimed at meeting market demand. The history of the term competitiveness, or competitiveness, can be traced back to the concept of comparative advantage which was first put forward by Ricardo in the 18th century. This concept of competitiveness is predominantly accepted at the micro level, especially within the framework of classical economic theory which teaches that in the arena of business competition, companies have the fundamental goal of maximizing profits.

In view of microeconomic theory, a company that is unable to make a profit is considered to have no competitiveness or is not competitive. This is related to the perfect competition market model where companies that are unable to compete have average costs that exceed the market price of the products offered. This phenomenon arises because the value of the resources used by the company exceeds the value of the products produced (Agusdin et al., 2022). For example, Rakanita, (2019) highlights that companies that lack competitiveness can be characterized by average production costs that exceed the market value of the products they offer. Therefore, understanding and improving competitiveness is essential for companies to remain relevant and successful in a challenging business environment.

Micro, Small and Medium Enterprises (MSMEs)

Law Number 20 of 2008 is the basis for the definition of MSMEs in Indonesia, identifying them as productive businesses that stand alone with ownership of certain net assets. This focus on independent characteristics not only aims to differentiate MSMEs from larger businesses, but also provides a strong legal foundation to support and protect this sector.

The law sets criteria for the number of workers and business turnover as determinants of MSME status, reflecting the diversity of scales from micro to medium. Parameters such as net worth, number of workers and business turnover are carefully selected to measure the sustainability and concrete contribution of MSMEs to the national economy (Khaeruman & Mukhlis, 2018). In the context of research in Indonesia, focusing on the implementation and impact of this law can provide in-depth insight into how a clear definition creates a foundation for the growth of MSMEs and promotes the sustainability and increased competitiveness of this sector in the national economy.

2. Method

Types of research

This research adopts a qualitative method that focuses on analyzing marketing strategies applied to Woven Fabric MSMEs in Petamburan, West Jakarta. Researchers directly conducted research on several Woven Fabric MSMEs in the region with the aim of gaining an in-depth understanding of marketing strategies in the context of Micro, Small and Medium Enterprises (MSMEs) (Sugiyono, 2019). The type of approach applied is a case study, considering that the research was carried out on direct information from the owners or owners of Woven Fabric MSMEs in Petamburan, West Jakarta.

Data source

The importance of data sources in this research is manifested through two complementary approaches, namely primary data and secondary data. Primary data was obtained through direct interviews with owners of Woven Fabric MSMEs in Petamburan, providing an in-depth understanding of the reality and context of the marketing strategy being implemented. This process allows researchers to gain direct insight from these micro business actors. On the other hand, secondary data enriches research by referring to related literature, including information from the official website of the Ministry of Cooperatives and MSMEs of the Republic of Indonesia. By combining specific and contextual primary data sources with more general and supportive secondary data, this research can build a holistic analytical framework to uncover the dynamics and challenges of the marketing strategy of Woven Fabric MSMEs in Petamburan, West Jakarta.

Data collection technique

Data collection techniques involve observation, interviews, and documentation. Data analysis and data interpretation use the Miles and Huberman model with stages of data reduction analysis, data presentation, and drawing conclusions. The data reduction process was carried out by summarizing relevant information related to Marketing Strategy Analysis to Increase the Competitiveness of Woven Fabric MSMEs in Petamburan, West Jakarta. The data presentation is narrative and comes from interviews with MSME owners. Drawing conclusions is the final stage which involves the synthesis of research results to conclude the Marketing Strategy Analysis in Increasing the Competitiveness of Woven Fabric MSMEs in Petamburan, West Jakarta.

3. Results and Discussion

The research results show that Woven Fabric Micro, Small and Medium Enterprises (MSMEs) in Petamburan, West Jakarta, have succeeded in implementing a comprehensive marketing strategy to increase their competitiveness. This strategy involves formulating steps that include market segmentation, determining the target market (targeting), and market position (positioning). Apart from that, this MSME is also developing a marketing mix which consists of four key elements: product, price, place and promotion.

1. Market segmentary strategy

The first step taken by the owners of Woven Fabric Micro, Small and Medium Enterprises (MSMEs) in Petamburan, West Jakarta, was to segment the market. This market segmentation process is a critical strategy in identifying customer groups with similar needs, preferences and behavior. A deep understanding of variations in the market allows MSMEs to produce more relevant and effective product offerings.

In woven fabrics, market segmentation can be done based on various factors such as style preferences, motifs, colors, or even intended use. MSME owners carefully sort and group potential customers based on these characteristics. For example, some customer groups may be more interested in woven fabrics with traditional motifs, while others may look for more modern designs or specific colors.

Market segmentation not only helps MSMEs in customizing their products, but also allows them to design more targeted marketing strategies. By knowing the characteristics of each market segment, MSMEs can direct their marketing efforts to reach the right target market. This may involve selecting appropriate distribution channels, customizing promotional messages, or even determining a more specific pricing strategy. The importance of this step lies not only in increasing product relevance, but also in the ability of MSMEs to compete more efficiently in a competitive market. By understanding customer needs and desires

in depth, Woven Fabric MSMEs in Petamburan can create smarter and more sustainable marketing strategies, which in turn will increase their competitiveness in the woven fabric industry.

2. Target market determination strategy (Targetin)

In an effort to increase income, Woven Fabric MSMEs in Petamburan, West Jakarta, have involved adapting strategies to the target market. Increasing revenue is not only limited to sales volume, but also to the quality of transactions and suitability to customer needs. Therefore, these MSMEs carefully determine specific market targets to ensure that their sales actually reach the right segments.

Selecting a target market is key in ensuring sales success, and Woven Fabric MSMEs have formulated a mature approach. By setting a price range between IDR 250,000 to IDR 800,000, MSMEs take into account the spectrum of budget availability from various consumer groups. Prices that are adjusted to the quality and quantity of purchases create competitive value, accommodate the diversity of customer preferences, and allow adjustments to dynamic market conditions.

This price range decision not only reflects a wise pricing strategy, but also involves a deep understanding of the target market. Woven Fabric MSMEs actively analyze the characteristics and preferences of customers who may be interested in their products. For example, market segments that value high quality more may tend to be willing to pay more for quality products, while other market segments may be more sensitive to price and pay more attention to purchase quantity. By adjusting target market strategies and setting competitive price ranges, Woven Fabric MSMEs in Petamburan not only optimize their income but also increase the relevance of their products in a competitive market. In addition, this approach reflects MSMEs' commitment to providing added value to customers, strengthening their position in the industry, and creating a solid foundation for long-term business growth.

3. Marketing mix for Woven Fabric MSMEs

In Petamburan, West Jakarta, implementing the marketing mix is the key to the success of Woven Fabric Micro, Small and Medium Enterprises (MSMEs). A company's success in the marketing realm does not only depend on product quality, but also on the extent to which the four core elements in the marketing mix can be managed and implemented effectively.

First of all, the products produced by Woven Fabric MSMEs in Petamburan are designed taking into account the needs and desires of the market. Creativity in design, material quality and product uniqueness are the main focus to ensure the products offered meet high standards and can compete in a competitive market. Furthermore, setting a reasonable price is an important step in the marketing strategy. This MSME has succeeded in setting balanced prices, reflecting the value of the product and the purchasing power of customers in the area. Prices that are rational and adjusted to the market help MSMEs achieve a balance between maximum profits and consumer attraction.

The location or distribution is also well regulated by Woven Fabric MSMEs. By determining efficient distribution channels, they ensure that products can be reached by customers easily. The presence of products in physical stores or online platforms, as well as collaborations with local retailers, expands the reach and affordability of their products. Effective promotion is the key to increasing awareness and attraction of products. Woven Fabric MSMEs are active in designing promotional strategies that include local advertising, participation in community events, and the use of social media. These efforts help create a strong brand image and increase the product's popularity among consumers.

Woven Fabric MSMEs in Petamburan, West Jakarta, have succeeded in managing the marketing mix carefully. Properly involving these four elements of the marketing mix provides evidence that the MSMEs are able to compete in the local market by maintaining the right balance between these elements. With this approach, Woven Fabric MSMEs will not only become successful market players but also make a positive contribution to the local economy and the sustainability of the woven fabric industry in the Petamburan area.

The results of research on Woven Fabric MSMEs in Petamburan, West Jakarta, are in line with the findings in Sadikin, Kusman's (2021) research, namely that market penetration strategies are the main key to increasing the competitiveness of MSMEs. These findings are in accordance with the marketing strategy steps identified in the research on Woven Fabric MSMEs in Petamburan. The concepts of market segmentation, target market

determination, and market position implemented by Woven Fabric MSMEs reflect an approach that is in line with the market penetration strategy explained by Sadikin and Kusman.

Woven Fabric MSMEs' first step, namely market segmentation, reflects a deep understanding of customer variations, as suggested in the market penetration strategy. This segmentation process helps MSMEs to produce more relevant and effective product offerings. Next, the strategy for determining the target market taken by Woven Fabric MSMEs. Determination of specific market targets, with price range adjustments to suit consumer budgets, in accordance with market penetration principles which include price adjustments to reach wider market segments. The implementation of the marketing mix by Woven Fabric MSMEs, especially in the elements of product, price, place and promotion, reflects conformity with Sadikin and Kusman's findings. The balance between these four elements is well managed, illustrating the skills of MSMEs in managing market penetration strategies to increase their competitiveness.

Thus, the results of research on Woven Fabric MSMEs in Petamburan, West Jakarta, can be seen as a real implementation of the market penetration strategy that has been discussed by Sadikin and Kusman in their research. This confirms that the strategic steps taken by MSMEs are in accordance with the market penetration strategy to increase the competitiveness of MSMEs in Indonesia.

4. Conclusion and Implications

The research results show the success of Woven Fabric Micro, Small and Medium Enterprises (MSMEs) in Petamburan, West Jakarta, in implementing a comprehensive marketing strategy to increase their competitiveness. This strategy involves market segmentation, determining target markets, market positioning, and developing a marketing mix that includes product, price, place, and promotion.

First, Woven Fabric MSMEs carefully segment the market, identifying customer groups based on style, motif, color and intended use of woven fabric. This step not only increases product relevance, but also helps design a more targeted marketing strategy. Second, the target market determination strategy emphasizes determining a specific target market by adjusting the price range to reflect variations in consumer budgets. These decisions reflect a deep understanding of customer characteristics and preferences, creating a balance between maximizing profits and consumer appeal. Third, implementation of the marketing mix is the key to the success of Woven Fabric MSMEs. By designing creative products, setting wise prices, distributing efficiently, and carrying out effective promotions, MSMEs create added value and increase competitiveness in a competitive market.

The implications of market penetration strategy research to increase the competitiveness of MSMEs in modern industry include concrete opportunities for MSMEs to expand market share, respond to industry dynamics, and implement effective market penetration measures. This innovative strategy helps MSMEs overcome challenges, improve business sustainability, and compete effectively in the dynamic modern industrial era.

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