

## RESEARCH ARTICLE

## SEGMENTATION, TARGETING, AND MARKETING MIX STRATEGIES OF PALM SUGAR INDUSTRIES IN BANYUMAS REGENCY, INDONESIA

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## ABSTRACT

Palm sugar is one of the potential commodities in Indonesia, especially in the Banyumas Regency. This commodity has been marketed domestically and also exported to various countries. Its success cannot be separated from the marketing strategy carried out by the palm sugar industries. The purpose of this study was to determine the strategy of segmentation, targeting, and marketing mix of the palm sugar industries in Banyumas Regency. The method used is a qualitative research which is analyzed with an interactive model. The results of this study indicate that there are similarities in marketing strategies in segmentation strategies, targeting between industries and slight differences in marketing mix strategies.

## KEYWORDS

Palm Sugar Industries, Segmentation, Targeting, Marketing Mix

## 1. INTRODUCTION

The Industries has a very important role in the development of a country because it is used as a leading sector for the development of other sectors. It is said that the development of the industrial sector will improve the country's economy which has an impact on changes in the structure of the economy (Julianto and Suparno, 2016). Industries in Indonesia itself is very important, because the industrial sector, especially the manufacturing industries, still dominates with a percentage of 19.86% (Indonesia, 2020). The development of industries in Indonesia cannot be separated from small industries located in each region. One example is the palm sugar industries. According to the Food and Agriculture Organization (FAO) STAT that the development of the palm sugar industries is based on Indonesia's strength in palm cultivation (FAO, 2019).

Palm sugar is sugar made from coconut sap, which is a clear liquid found in the closed shoots of coconut (Mela and Ahsan, 2019). This sugar is consumed as a traditional sweetener and an alternative to food and beverages (Simamora *et al.*, 2021). This makes the demand for palm sugar increase even not only domestically, but even many Asian and European countries also consume palm sugar. According to the Ministry of Trade, Indonesia's palm sugar exports have the highest trend, which is above 20% compared to the average world palm sugar export growth (Sahat, 2017). Currently, developed countries have started to import palm sugar from developing countries (Simamora *et al.*, 2021). Therefore, palm sugar production in developing countries has an important role, especially at the producer household level. Martini *et al.*, 2011 dan Saediman *et al.*, 2019 themselves stated that palm sugar production activities have provided

employment and generate income for rural households.

Various types of palm sugar in Indonesia have the potential as an alternative source of sugar besides sugar cane (Kurniawan *et al.*, 2018) and many areas in Indonesia that have great potential in the development of the palm sugar industry, one of which is Banyumas Regency. Palm sugar production in Banyumas Regency continues to increase. In 2011-2014, the amount of coconut sugar production in 27 sub-districts in Banyumas Regency was 4,946.96 tons/month, 5,258.53 tons/month, 6,009.09 tons/month, up to 7,679.13 tons/month with a total of home industries 31,425 business units (Husein, 2015). This of course encourages the economy of the surrounding community, which is in line with Saediman *et al.* (2019) who stated that palm sugar production activities have provided employment and generated income for rural households.

The palm sugar industries in Banyumas Regency has not only penetrated the domestic market but has also penetrated foreign markets through the B2B system. These palm sugar processing products will be distributed to final consumers through retail, hotels, cafes, and so on. The quality of ant sugar products that will be exported to foreign markets also has predetermined standards or provisions.

The development of the palm sugar industries in Banyumas Regency, of course, cannot be separated from the determination of consumer segmentation and marketing strategies that are implemented. Therefore, this study aims to determine the segmentation, targeting, and marketing mix strategies applied by the palm sugar industries in Banyumas Regency.

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**2. LITERATURE REVIEW**

**2.1 Segmentation dan Targeting**

Market segmentation is the process of separating customers, or potential customers, in the market into distinct groups, or segments (Malcolm McDonald and Dunbar, 2012). or the activity of dividing the heterogeneous market of a product into homogeneous market units (market segments) (Swastha and Irawan, 2008). The Basics used in determining market segmentation are demographic, geography, psychographic, and behavioral Factors (Barnard et al., 2012; Kotler and Keller, 2016).

Each agribusiness company must emphasize certain segments according to the resources and company objectives of the many existing segments (Kasali, 1998). This activity is the determination of the target market. Targeting itself is a process of evaluating and selecting several market segments from the results of segmentation and this targeting process is an activity to focus marketing on various existing targets so that it can be said as a market selection activity (Agustina, 2011).

**2.2 Marketing Mix**

The marketing mix is the combination of pricing, product, promotion, and place (4 P's) strategies adopted by a company to support a particular position in the market (Barnard et al., 2012). The Marketing mix is a marketing tool used by companies to achieve marketing objectives in reaching the target market. On the other hand, customers describe the 4Ps as a marketing tool used by companies to create profit (Kotler and Keller, 2016).

**3. METHODOLOGY**

The purpose of this study was to determine the Marketing Strategy carried out by the palm sugar industries in Banyumas Regency with a case study at UD. Kali Mengaji and UD. Ngudi Lestari. These locations were chosen because they are the largest palm sugar-producing industry in Banyumas Regency.

The research method used is qualitative research. Qualitative research is one method to get an overview of the research foundation, research paradigm, problem formulation, research stages, research techniques, criteria, and techniques for examining data and analyzing and interpreting data (Moleong, 2013). This study allows us to obtain information about segmentation and targeting strategies as well as marketing mix strategies which include product, price, location, and promotion.

The key informants selected in this study used a purposive sampling method. Key informants include business owners, employees, suppliers (palm tree farmers), and consumers of palm sugar. Secondary data were obtained from archives, documents, and scientific articles from previous research related to our research theme.

The primary and secondary data collected are then processed and analyzed according to the type of problem. Qualitative data analyzed by interactive model (Miles and Michael, 2005). The interactive analysis is a continuous process that starts from data search, data reduction, data presentation, to conclusion drawing and verification. Quantitative data analysis is presented using descriptive statistics such as percentage scores, scoring, mean, frequency distribution & tabulation.

**4. RESULT AND DISCUSSION**

**4.1 Segmentation and Targeting**

Customer segmentation is defined as the classification of customers into various types because customers in each class have the same and different attributes from other clusters (Nilashi *et al.*, 2021). Customer segmentation is a useful method to assist organizations in defining various customer groups (Khalili-Damghani, Abdi, and Abolmakarem, 2018). The application of market segmentation carried out by each palm sugar industry in Banyumas considers several variables presented in table 1

	<b>UD. Ngudi Lestari</b>	<b>UD. Kali Mengaji</b>
<b>Geography</b>	Domestic: Jakarta, West Java, Central Java, Yogyakarta, and Sumatra. Overseas: Singapore, Canada, Brunei Darussalam, and UAE (Abu Dhabi)	Domestic: Jakarta, Sukabumi, Yogyakarta, and Tangerang Overseas: Brazil, India, and Singapore
<b>Demographics</b>	All Ages, Religions, and Genders with upper middle social class	All Ages, Religions, and Genders with upper middle social class
<b>Psychographics</b>	Healthy lifestyle	Healthy lifestyle
<b>Consumer behavior</b>	Soft Core Loyal	Soft Core Loyal
<b>Targeting</b>	Single Segment Targeting (B2B)	Single Segment Targeting (B2B)

Almost all of the segmentation strategies in the palm sugar industries in Banyumas Regency implement the same strategy both geographically, demographically, psychographically, behaviorally to targeting. There are slight differences in geographic marketing objectives as well as how to market them. At UD. Ngudi Lestari for Marketing to local and Canadian markets is done directly without going through other parties. In contrast to other objectives that must involve exporting companies. Meanwhile, for UD Kali Mengaji for foreign destinations, all must involve exporters companies.

Indeed, the market segmentation of the palm sugar industries in Banyumas is still not specific. The basic problem in segmentation is choosing one or more appropriate segmentation variables to be used in a particular context (Lovelock and Weinberg, 1984). But this is also because the palm sugar industries in Banyumas is the initial producer so it doesn't have much contact with the final consumer.

**4.2 Marketing Mix**

**4.2.1 Product**

Product is a form of producer offer, both tangible (goods) and intangible (services) to be noticed, requested, sought, purchased, used, or consumed to meet consumer needs or desires (Hasan, 2013). The application of product strategy in the palm sugar industries in Banyumas can be seen in Table 2.

	<b>UD. Ngudi Lestari</b>	<b>UD. Kali Mengaji</b>
Types of products	Tube-printed coconut palm sugar, Battery-printed coconut palm sugar, Coin-printed coconut palm sugar, Arenga Palm sugar, Ginger coconut palm sugar, Ginger arenga palm sugar	Organic coconut palm sugar, natural coconut palm sugar, ginger coconut palm sugar, coin coconut palm sugar, organic coconut chips, sweet coconut chips
Product Rank	Augmented Product	Basic Product
Product Design	the form of a tube, battery or coin that has a light brown or dark brown color	small granules (powder) and coin shape.
Brand used	Nira Sari dan Kaji Sarkum Without Brand	Without Brand
Packaging	Cardboard, Standing Pouch, Plastic	Paper Bag, Standing Pouch, Plastic (with Metal Detector Pass Stamp)

There are differences in the palm sugar industries in implementing its product strategy. UD Ngudi Lestari chose a larger product design while UD Kali Mengaji had a granules form. Product grades at UD. Ngudi Lestari is an augmented product, which means the company produces palm sugar products according to consumer desires with the company's approval and

adds product value to make consumers more interested. While UD. Kali Mengaji is a basic product, which means that the products sold to consumers must be functional (have a good taste, maintain cleanliness, and have high product quality). This can be seen on the Pass Metal Detector stamp on the packaging to provide a sense of security to consumers. This factor is very important because most scholars believe that the level of agricultural products is closely related to the quality and safety of food (ming, GuoHua and Wei, 2021).

#### 4.2.2 Price

Price is the amount of money charged for an item/service or the sum of the value of money exchanged by consumers for the benefits of owning or using the product/service (Situmorang and Helmi, 2011). Pricing is yet another strong variable of the marketing mix (Shanker, 2002). The pricing strategy applied to the palm sugar industries in Banyumas can be seen in table 3.

Table 3: Price Range and Price Strategy for Palm Sugar Industries in Banyumas		
	UD. Ngudi Lestari	UD. Kali Mengaji
Price Range (1 Pcs/1 kg)	Rp 16.000 – Rp 23.000 or (US\$ 1.12 – US\$ 1.61)	Rp 15.000 – Rp 50.000 or (US\$ 1.05 – US\$ 3.49)
Pricing Strategy	DP (50%) when ordering	DP when ordering Discount on purchases of a certain amount

The application of the pricing strategy used between industries is more or less the same, namely by applying for a down payment when ordering. Only at UD Kali Mengaji also applies a discount on purchases of a certain amount.

#### 4.2.3 Place

The Place is a market location or area where traders sell or distribute their wares to consumers (Anjani, Irham, and Waluyati, 2018). The location strategy applied by the palm sugar industries in Banyumas Regency does not have much difference. The location selection was made on the basis of being close to road access and also with the assisted farmers (source of raw materials). Offices and inventory warehouses located in one location also provide convenience in controlling production, inventory, and administration. The main distribution channel is to rely on the B2B system, namely by selling to exporter companies which will later be exported abroad and to several local outlets located in various regions in Indonesia. Some of these factors have been considered according to the marketing objectives of each industry. This is in line with Kushwaha and Agrawal (2015) who explain that the decision for physical distribution considers how to receive the order, where is the storage location, how much preparation must be prepared, and how the goods must be transported (Kushwaha and Agrawal, 2015).

#### 4.2.4 Promotion

Promotion plays an important role in influencing consumers because it is through this promotional activity that the product will be sold (Batlajery, and Alfons, 2021). There are 5 main tools in promotional activities that help to introduce products and communicate with consumers, namely advertising, personal selling, sales promotion, publicity, and public relations and direct marketing (Putri and Budi, 2017). The promotional strategies carried out by the palm sugar industries in Banyumas can be seen in table 4.

Table 4: Promotion Strategy for Palm Sugar Industries in Banyumas		
	UD. Ngudi Lestari	UD. Kali Mengaji
Advertising	-	-
Personal Selling	V	V
Sales promotion	-	-
Publicity and Public Relations	V	V
Direct Marketing	V	V

The promotion strategy carried out by the palm sugar industries in Banyumas Regency uses various methods and media. Both industries, although leaning towards B2B and cooperating with exporting companies, also serve direct sales if the buyer wants to come directly to the place of production. In addition, direct marketing is also served via email and Whatsapp. As for publicity, each industry has its own website, although not very active as marketing focuses on existing networks and specifically on UD. Ngudi Lestari has social media (facebook) that has successfully brokered cooperation with Canadian companies. The use of promotional tools and media like this is in accordance with Abdurrahman (2015) that promotion is a means used by companies in an effort to inform, persuade and remind consumers directly or indirectly about the products and what they sell.

## 5. CONCLUSIONS

In this paper, the important thing to know is that the palm sugar processing industries have approximately the same segmentation and targeting with differences in the application of the applied marketing mix strategy. The known differences are in product strategy and price strategy. In the product strategy, the striking difference is in the product form and product level. While the price strategy is the payment system and discounts. As for the place and promotion strategy, there is almost no difference.

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