

## **MARKETING STRATEGY OF LEATHER BUSINESSES WITH QSPM METHOD IN RANGKASBITUNG DISTRICT LEBAK-BANTEN**

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### **ABSTRACT**

Small and medium enterprises (SMEs) in rural areas have a strategic role in national economic development activities. One of the small household and handicraft industry is a leather craft business in the Rangkasbitung sub-district, Lebak-Banten. The purpose of this research is to make leather craftsmen to market leather products with the right strategies so that there is an increase in income by: (1) analyzing any internal and external factors of leather that can affect the marketing of leather crafts; (2) analyze alternative marketing strategies that can be applied in the marketing of leather crafts. With the SWOT and QSPM analysis through questionnaires to 15 respondents consisting of business actors, figures and relevant officials in the Rangkas sub-district, the results obtained are as follows: (1) alternative strategies obtained through the analysis of SWOT positions in 2017 are different from those in 2018, where in 2017 the SO strategy was obtained with an alternative strategy priority was the market penetration strategy, while the analysis results in 2018 analysis showed that the alternative business strategy was more to the WT strategy. The alternative WT strategies include a merger strategy, a strategy to maintain existence, and a liquidation strategy; (2) as for the priority sequence of strategies based on QSPM analysis in 2018 based on the value of interest by respondents in the first order is the strategy to maintain existence, the second is the merger strategy and the third is the liquidation strategy.

**Keywords:** Leather Business, QSPM, Rangkasbitung, SMEs, SWOT.

### **1. INTRODUCTION**

Economy crisis has given us so many lessons, especially to business people. In Indonesia, business people are forced to choose and determine a strategy that can be used to cope with market competition. It also applies to micro, small, and middle enterprises owners that have strategic role in boosting national's economy growth.

Data published by *Direktorat Jenderal Pembangunan Kawasan Perdesaan* (Directorate General of Rural Area Development) in 2017 shows that rural area development is one of the key factor for regional development, poverty eradication, and narrowing the economy class among districts. As rural areas cover most of nation's territory, it is clear that they make up most of national economy development. In Indonesia, rural areas count as much as 74.954 which is larger than 2016's population that only counts 200 lesser villages. As village population grows larger every year, the gap among people's welfare grows larger as well. Isolation caused by limitation to access to transportation, telecommunication, education, health facilities, and housing, especially in rural areas, has caused poverty in Indonesian rural areas. Though so, small efforts that have been done have shown some potential towards better changes.

Bigger potentials may come from small industries and household crafts in rural areas, but that does not mean challenges won't appear. Anoraga (2002:245) says that small business faces various challenges and obstacles such as low quality human resources, low productivity and low quality product; insufficient facilities; lack of funding; unsupportive business climate, and; bad coordination.

Marketing system is an important part of chain of goods since production phase until consumers receive the goods. Marketing system can also determine market efficiency about merchandise trading system. Marketing can make the price goes up, which not only it can decrease profits, but also it can burden consumers. Various marketing systems exist diminished by the quantity of distribution agents and the length of chain of goods. Government's role in marketing the goods should be a necessity. This aligns with the result of previous research about how small industries and household crafts in rural areas have potentials in strengthening the development of rural areas regardless of the challenges.

Leather crafts have been Indonesia's economy indicator since a long time. Management of this kind of goods impacts consumption management and other sectors. Rangkasbitung, leather crafts center in Lebak Regency, has controlling role through economic resilience. This can be seen from Table 1 where Citeras village has small industries and household crafts in Rangkasbitung—a district in Lebak, Banten Province.

**Table 1: Small Industries and Household Crafts in Rangkasbitung a District in Lebak, Banten Province in 2016.**

NO	Village	Craft Made From								Total
		Leather	Wood	Metal	Woven	Pottery / Ceramic	Woven fabric	Food	Other	
1.	Pasir Tanjung	2	0	0	1	15	0	2	0	21
2.	Rangkasbitung Timur	2	4	0	1	4	4	15	0	28
3.	Rangkasbitung Barat	2	0	1	0	0	0	13	4	22
4.	Muara Ciujung Timur	0	0	0	14	0	0	114	0	136
5.	Jatimulya	0	0	2	0	0	0	12	11	28
6.	Cimangeunteung	0	0	0	0	0	0	0	0	0
7.	Citeras	5	0	0	6	0	0	18	2	36
8.	Mekarsari	0	0	0	3	4	0	20	0	29
9.	Nameng	1	1	1	1	9	1	5	0	19
10.	Kolelet Wetan	0	0	0	0	10	0	6	0	16
11.	Sukamanah	0	3	0	2	4	3	13	0	24
12.	Pabuaran	1	0	0	0	0	0	12	3	18
13.	Cijoro Pasir	0	0	0	0	0	0	61	0	63
14.	Cijoro Lebak	3	0	3	2	2	0	7	0	22
15.	Muara Ciujung Barat	0	6	3	0	0	6	22	0	33
16.	Narimbang Mulya	0	0	0	0	5	0	7	1	13
Total		16	14	10	30	53	14	327	21	508

Source: Kecamatan Rangkasbitung Dalam Angka (Pendataan 2017)

Based on data above, it can be seen that there are 16 units of leather industry in Citeras Village by the end of 2016. Moreover, it is known that this population has decreased by the end of 2017 up until early 2018 where the research was conducted. This quantity drop is not aligned with small and household industries' potential which is stated by Anoraga (2002:245)

This research continues the previous research in 2017 with the same theme. However, based on data above, it is shown that deeper research is necessary to be conducted to see the effect from leather industries' population decrease in Citeras Village. Hence, we can conclude that the problems can be formulated into:

1. Which internal and external factors of leather craft industries that have impact in the marketing progress?
2. How are the possible alternatives about marketing strategies that can be implemented in marketing leather crafts?

## **2. LITERATURE REVIEW**

### **2.1 Marketing Strategy**

The success of marketing strategy depends on how big the enterprise is and how it is located. Often times small enterprises with a well-developed marketing strategy gains more profit than bigger corporation. There are several definitions about marketing strategy. Marrus in Umar (2001:31) states that strategy is defined by a process of determining plan by leaders that focus on long term goals, along with composition of efforts of how to achieve those goals. Strategy is exclusively defined as incremental and constant actions, also done based on leaders' visions towards what they wish to achieve (Prahalad in Umar, 2001:31).

Marketing strategy is marketing logic done in hope of reaching marketing target. Marketing target consists of specific strategy for market target, location of product placement, marketing mix, and level of marketing expenditures (Kotler, 199). Marketing strategy formulation is a part of the hardest and most important parts of total marketing process. These activities will determine the succeed standard of an enterprise. When communicated to all levels of management, marketing strategy explains the powers that should be built and the weaknesses that should be fixed, also how to do both.

Ardito Atmaka Aji (2014) shows product development strategy can be done through product differentiation strategy. Every enterprise has a goal to survive and grow in the middle of market competition. This can be done with consistently increasing profit. To increase the profit, enterprises should enhance selling values to control the market. Competitors would be important to design the most effective marketing strategy. An enterprise can pick which field that they are most good at to use the right strike and defense strategies towards its competitors (Arafat, 2005).

### **2.2 Marketing Strategy Analysis**

There are several tools that can be used in analyzing marketing strategy. In this study, TOWS or SWOT and QSPM analysis will be used to elaborate the case.

#### **2.2.1 SWOT Analysis**

SWOT analysis consists of efforts to identify strengths, weaknesses, opportunities, and threats that will determine the enterprise's capability. External information regards of opportunities and threats can be obtained from multiple sources, including customers, governmental documents, suppliers, bank officials, and business partners. Many enterprises use scanning agency's services to acquire newspaper clips, internet researches, and relevant domestic also global trends analysis (Daft 2010:253). The process of decision-making regarding of strategy is always dependent on

mission, goals, strategy, and policy development of an enterprise. Thus, designing strategy should analyze corporation's strategy factors (strengths, weaknesses, opportunities, and threats) in the current condition.

### **2.2.2 SWOT Components**

According to Irham Fahmi (2013:260), to analyze SWOT deeper, it is needed to identify the external and internal factors as important parts from SWOT analysis.

#### **1. External Factor**

This factor impacts the composing of opportunities and threats (O and T). These factors involve conditions that happen outside corporation that has effect on enterprise's decision-making process. These factors include industry environment and macro business environment, economy, politics, laws, technology, demography, and socio-culture.

#### **2. Internal Factor**

This factor impacts the composing of strengths and weaknesses (S and W). These factors involve conditions that happen inside corporation that has effect on enterprise's decision-making process. These factors include all kinds of functional management: marketing, finance, operation, human resources, research and development, information system management, and corporate culture.

### **2.2.3 QSPM Analysis**

Other than ranking strategies to get priority list, there's only one analytic technique in literature that is designed to determine relative interests and other various alternatives that can be pursued. This technique is called Quantitative Strategic Planning Matrix (QSPM). QSPM uses input analysis from Phase 1 and matching results from analysis Phase 2 to objectively determine strategies that are planned to implement among other alternative strategies. These means, EFE Matrix, IFE Matrix and what compose Phase 1, also SWOT Matrix that composes Phase 2 to provide information needed to compose QSPM (Phase 3). QSPM is the tool that helps strategy planners to evaluate every alternative strategy objectively, based on succeeding external and internal factors that have been identified before. Like other analytic tools, QSPM needs a well-intuitive scoring.

QSPM is the tool that makes strategy planners to evaluate every alternative strategies objectively based on external and internal factors. The strength of this method is strategies can be checked consecutively or simultaneously with no limitation of evaluated strategies. It is also obligatory that marketing planning can combine external and internal factors that are correlated in decision-making process.

### 3. BENEFITS AND PURPOSES OF RESEARCH

The purposes of this research for leather craftsmen is to help them market their products with right strategies so they can boost their profits through the following ways:

1. Analyze internal and external factors from leather craft industries that can impact the marketing process
2. Analyze marketing strategies that can be implemented in marketing strategy for leather craft industries

This research is made to be beneficial for Citeras government in strengthening and developing the village so Citeras Village can stand independently with their own economy condition supported by local leather industries. Specifically, along with potential, challenges, needs, and weaknesses from leather craft industries with TAS score from alternative marketing strategies which will become a model to implement the strategies, it is hoped that by learning from this research, Citeras Village’s leather craftsmen can improve their business capability to gain more profit.

### 4. RESEARCH METHODS

Analysis technique also approach on this research use rationalistic approach with considering general matters towards specific matters as base of problem analysis. As for variables operation that will be used in this research along with their indicators can be seen in Table 2 below:

**Table 2: Operational Variables**

No	Variable	Dimensi dan Indikator	Measurement Scale
1	Internal environment	<p><b>Strengths</b></p> <p>a). High quality product</p> <p>b). RND experts</p> <p>c). Competitive prices</p> <p>d). Attractive models of products</p> <p>e). Neatness of leather crafts that have been acknowledged by customers</p> <p>f). Partnership capability with stakeholder</p> <p><b>Weaknesses</b></p> <p>a). Few marketing locations</p> <p>b). Lack of funds</p> <p>c). Non-existing human resource for marketing issues</p>	Ordinal

No	Variable	Dimensi dan Indikator	Measurement Scale
		d). Bad packaging e). Unclear market segmentation	
2	External environment	<p><b>Opportunities</b></p> <p>a). Accuracy and neatness of leather craftsmen b). High interest from society towards leather crafts c). Easy access to promotion through internet d). South East Asia open market (AEC) e). Partnership with government's KMKM</p> <p><b>Threats</b></p> <p>a). Rangkasbitung society's lack of knowledge about leather crafts b). Lack of Rangkasbitung leather craftsmen's capability in designs c). Competitors from other local region d). International competitors from open market policy e). Economic inflation</p>	

#### 4.1 Source and Data Acquisition

This research uses quantitative and qualitative analytic technique (mixed method) that focus on field and society's condition. This analysis emphasize in deep understanding aspect towards an issue rather than by a generalized approach. This method also uses in-depth analysis.

#### 4.2 Kind of Data

The kinds of data that are used in this research are primary and secondary data. Primary data in obtaining data is using questionnaire, documentation, and interview. Meanwhile, secondary data in acquisition process is using observation and literature study.

#### 4.3 Population and Sample

Population from this research is leather craftsmen in Citeras and related government officials. We use stratified purposive sampling in compiling samples on 15 samples consisting business people, business actors, and government officials. This population is not the same with total samples that have been planned before. It is because of various obstacles such as business

activity and not all leather craftsmen, business actors, and government officials are willing to become respondent.

#### **4.4 Data Analysis Technique**

##### **4.4.1 SWOT Analysis**

SWOT analysis compares between external opportunity factors and threats with internal strength factors and weaknesses. Internal factors are assigned into matrix called Internal Strategic Factor Analysis Summary. External factors are assigned into External Strategic Factor Analysis Summary. After internal and external factor matrixes are done, the results will be assigned into quantitative model, which is SWOT matrix, to formulate competitive strategy of an enterprise. The EFAS table can be seen as follows.

**Table 3: External Strategic Factor Analysis Summary (EFAS)**

<b>External Strategic Factor</b>	<b>Scoring</b>	<b>Rating</b>	<b>Scoring x Rating</b>	<b>Keterangan</b>
Opportunity	X	X	x	
Total	X	X	x	
Threat	X	X	x	
Total	X	X	x	
Sum Total	X	X	x	

Source : Fredi Rangkuti (2004: 18)

The table above shows on how scoring and rating calculation, while various indicators from every opportunity and threat are dependent on researchers and observed objects. In IFAS table below, where several indicators from each strength and weakness are also dependent on researchers and observed objects.

**Table 4: Internal Strategic Factor Analysis Summary (IFAS)**

<b>Internal Strategic Factor</b>	<b>Scoring</b>	<b>Rating</b>	<b>Scoring x Ratin</b>	<b>Keterangan</b>
Strength	X	X	x	
Total	X	X	x	
Weakness	X	X	x	
Total	X	X	x	
Sum Total	X	X	x	

Source : Fredi Rangkuti (2004: 18)



Based on the calculation from rating and scoring above, SWOT analytic diagram can be obtained. The diagram is used to determine strategic location for the corporation whether they are in Quadrant I, II, III, or IV. By knowing the position in the diagram, it can be identified which right alternative that can be used for marketing strategies: whether it is aggressive strategy, diversification, turn-around strategy, or defensive strategy. Then, SWOT matrix can be composed which consists of strategy elaboration in responding to the calculation results, whether it is assigned into SO, WO, ST, or WT group.

- Strategi SO (Strength-Opportunities)

This strategy is made based on company's mindset which utilizes all strengths to conquer and use all possible opportunities.

- Strategi ST (Strengths-Threats)

This strategy uses strengths possessed by company to face threats.

- Strategi WO (Weaknesses- Opportunities)

This strategy is implemented based on utilizing existing opportunities with minimizing possessed weaknesses.

- Strategi WT (Weaknesses- Threats)

This strategy is based on business activities that have defensive nature and try to minimize weaknesses also avoiding threats.

#### **4.4.2 QSPM Analysis**

Six steps to implement QSPM according to David (2013:222) are:

- a. Create lists of external opportunities/threats and main internal strengths/weaknesses in QSPM in left column. This information should be taken directly from EFE Matrix and IFE Matrix
- b. Give scores in every main external and internal factor. This score is the same with scores from EFE Matrix and IFE Matrix. Scores shown in small column right in the right of success factors of external and internal sides.
- c. Pay attention to matrixes in Phase 2 (matching phase) and identify various alternative strategies that should be considered to implement. Please note that these strategies are on top of QSPM's border. Group every strategies in one exclusive chain as possible.

- d. Determine attractiveness score (AS) defined by numerical values that indicates relative attraction from every strategy in alternative circuit. AS is determined by paying attention in every main external or internal factors, in current time, while asking “Is this factor affecting the choice of existing strategy?” if the answer is yes, that strategy should be relatively compared to every strategy to show relative attractiveness towards the main factor. Specifically, AS should be given to every strategy to show relative attractiveness in a certain strategy on top of other strategies, by concerning determined factors. The range of AS is 1 = no attractiveness, 2 = low attractiveness, 3 = neutral attractiveness, and 4 = high attractiveness. Do it in every column in developing QSPM. If the answer is no, which indicates that the main factor has no effect on specified choice, do not give AS in strategy in the existing circuit. Use hyphen to indicate that a main factor does not give significant impact.
- e. Calculate total of AS. Total Attractiveness Score (TAS) is defined as multiply result between score (Step 2) with Attractiveness Score (Step 4) in every column. TAS indicates relative attractiveness in every alternative strategy, by only considering the impact of important external or internal succeeding factors. The higher the TAS, the more attractive the alternative strategy is (only by considering the closest succeeding factors)
- f. TAS in every strategy column from QSPM. Sum Total Attractiveness Scores (STAS) indicate the least attractive strategy in the circuit. The highest score indicates the most attractive strategy, considering all relevant external and internal factors that can effect strategic decision. The difference between STAS in alternative strategy circuit shows the relative attraction among one strategy to another. The following is QSPM table example:

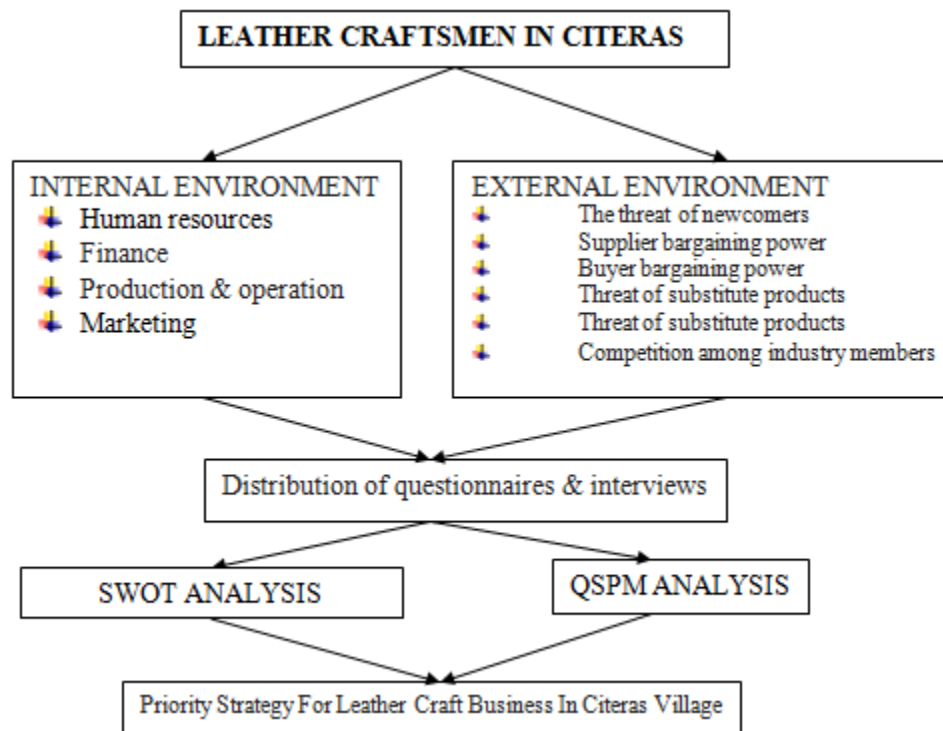
**Table 5: QSPM Matrix**

Alternative strategy		Strategy 1		Strategy 2	
Main Factor	Scoring	AS	TAS	AS	TAS
Opportunities					
1. Xx	Xx	xx	Xx	xx	Xx
2. Xx	Xx	xx	xx	xx	Xx
Threats					
1. Xx	Xx	xx	xx	xx	Xx
2. Xx	Xx	xx	xx	xx	Xx
Strength					
1. Xx	Xx	xx	xx	xx	xx
2. Xx	Xx	xx	xx	xx	xx
Weknesses					

1. Xx	xx	xx	xx	Xx	xx
2. Xx	xx	xx	xx	Xx	xx
Total	xx	xx	xx	Xx	xx

Source : David (2013 : 222)

#### 4.5 Stages Of Research



**Figure 1: Stages Of Research**

#### 5. RESEARCH RESULT

The results in the form of processing indicators containing internal and external in the form of SWOT and QSPM that have been issued by respondents can be seen in the following table.

**Table 6: Data SWOT Usaha Kerajinan Kulit Desa Citeras**

NO	INFORMATION	RESPONDEN															SCORING	RATING	VALUE
		R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15			
<b>Internal Factor</b>																			
Strength																			
1	High quality product	2	2	3	1	1	1	2	1	2	2	3	3	3	3	1	0.091	3	0.273
2	Neatness of leather crafts that have been acknowledged by customers	1	3	2	1	2	2	3	2	2	3	2	1	1	2	2	0.088	3	0.264
3	Competitive prices	2	2	3	2	2	3	3	3	3	2	1	3	2	3	2	0.109	3	0.327
4	Partnership capability with stakeholder	2	2	3	3	3	2	1	1	2	1	1	2	1	2	3	0.088	2	0.176
5	RND experts	1	1	1	1	2	1	3	2	1	1	2	1	2	1	2	0.067	3	0.2
6	Attractive models of products	2	1	2	2	2	2	2	1	3	2	1	3	2	2	1	0.085	3	0.255
	Total																0.5		1.494
Weknesses																			
1	Few marketing locations	2	2	2	1	3	3	2	2	3	2	3	3	2	2	3	0.106	3	0.318
2	Lack of funds	2	3	2	2	2	3	3	2	1	3	3	2	2	1	3	0.103	3	0.309
3	Non-existing human resource for marketing issues	2	3	2	2	3	2	2	2	2	2	3	3	2	2	3	0.106	3	0.318
4	Bad packaging	3	2	2	2	3	2	2	2	2	3	2	2	3	2	4	0.109	3	0.327
5	Unclear market segmentation	2	3	2	2	3	3	2	2	2	3	2	2	2	2	3	0.106	3	0.31818
	Total																0.5		1.59091
	SUM TOTAL																1		
<b>Faktor Internal</b>																			
Opportunities																			
1	Accuracy and neatness of leather craftsmen	2	1	3	3	3	1	3	2	2	2	2	2	2	2	2	0.097	3	0.29091

NO	INFORMATION	RESPONDEN															SCORING	RATING	VALUE
		R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15			
2	High intereset from society towards leather crafts	1	2	2	2	2	2	2	1	3	1	3	3	1	3	3	0.094	3	0.28182
3	Easy access to promotion through internet	3	3	3	1	3	1	3	3	3	1	3	3	3	3	2	0.115	3	0.34545
4	South East Asia open market (AEC)	2	1	3	3	1	3	1	3	1	3	1	1	3	2	1	0.088	3	0.26364
5	Partnership with government's KMKM	1	2	3	3	2	3	2	3	2	1	1	3	3	3	2	0.103	3	0.30909
	Total																0.5		1.49091
	Threats																		
1	Rangkasbitung society's lack of knowledge about leather crafts	2	2	2	2	2	3	2	2	2	3	2	2	2	2	3	0.100	3	0.3
2	Rengkasbitung society's lack of knowledge about leather craft quality	2	2	2	2	2	3	3	2	2	2	3	3	2	2	3	0.106	3	0.31818
3	Lack of Rangkasbitung leather craftsmen's capability in designs	2	3	3	2	2	3	3	3	2	2	3	3	2	2	3	0.115	3	0.34545
4	Competitors from other local region	1	3	3	2	2	3	2	3	2	2	3	2	1	2	3	0.103	3	0.30909
5	International competitors from open market policy	1	2	2	1	2	3	2	2	1	2	3	2	2	1	2	0.085	3	0.25455
6	Economic inflation	1	2	2	2	1	2	2	2	2	1	2	1	2	1	2	0.076	3	0.22727
	Total																0.6		1.75455
	SUM TOTAL																1		

Based on data from Table 7 above which consists of IFAS and EFAS data, it can be concluded that the internal and external analysis coordinates are (-0.0485;-0.1318). These coordinates are obtained based on calculation below:

a. Internal Analysis Coordinate

Internal analysis coordinated is obtained by averaging the result of total strength score reduced with total weakness score. The calculation can be seen through the formula below:

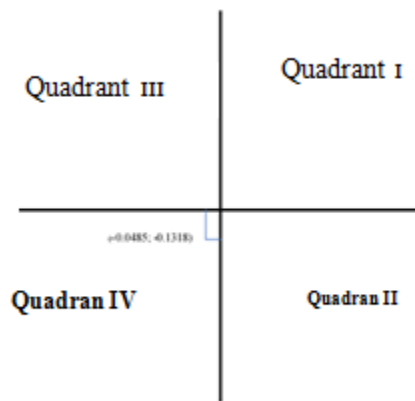
$$= \frac{(\text{total strength score} - \text{total weakness score})}{2} = \frac{(1.494 - 1.591)}{2} = -0.0485$$

b. External Analysis Coordinate

External analysis coordinated is obtained by averaging the result of total opportunity score reduced with total threat score. The calculation can be seen through the formula below:

$$= \frac{(\text{total opportunity score} - \text{total threat score})}{2} = \frac{(1.491 - 1.755)}{2} = -0.1318$$

These coordinates then will be assigned into SWOT diagram. It can be seen that based on coordinates above, the position of Citeras' leather craft industries is located in Quadrant IV, as it is shown below:



Source: Data processed (2018)

**Figure 2: Position Of Citeras' Leather Craft Industries**

The diagram above then will be complemented with calculation of each quadrant's position along with the width of the matrix from each quadrant as shown below:

**Table 7: Quadrant’s Position Along With The Width Of The Matrix**

<b>Quadrant</b>	<b>Point Posisi</b>	<b>The Width Of the Matrix</b>	<b>Ranking</b>	<b>Priority</b>
I / SO	(1.494;1.491)	2.227	4	Growth
II / ST	(1.494;1.755)	2.621	2	Combination
III / WO	(1.591;1.491)	2.372	3	Stabilization
IV / WT	(1.591;1.755)	2.791	1	Survival

Source: Data Processed (2018)

From data processing above, to determine the width of the matrix and the strategy’s priority in the table above, the result shows that the biggest area of the matrix is located in Quadrant IV with total area of 2,621. The rankings are elaborated into:

- First rank : 2,791 of total area in Quadrant IV
- Second rank : 2,621 of total area in Quadrant II
- Third rank : 2,372 of total area in Quadrant III
- Fourth rank : 2,227 of total area in Quadrant I

Based on the position of each coordinate above as shown as in Figure 2 along with total area of the matrix in Table 6, hence the right strategy for Citeras’ leather craftsmen is Quadrant IV’s strategy, which is weakness-threat (WT) strategy—in other words, the strategy that is used to cope threats and fix the weaknesses possessed by these industries.

Before diving into the most specific, best alternative that can be implemented in WT strategy for Citeras’ leather craftsmen, each strategy in positioning analysis map and this evaluation show the important factors. As how it is shown in the quadrant from SWOT analysis, each quadrant has the following characteristics:

1. First quadrant depicts strong internal condition with supportive business environment hence the correct direction, target, and strategy of an organization are the ones that have aggressive characteristic (e.g. growth strategy)
2. Second quadrant depicts weak internal condition and less supportive business environment so the suitable direction, target, and strategy for the organization are the ones that heal the internal condition (e.g. stabilization and rationalization strategy)
3. Third quadrant depicts strong internal condition and supportive business environment hence the suitable direction, target, and strategy are the ones that are external-oriented (e.g. diversification in form of training and education)

4. Fourth quadrant depicts weak internal condition and less supportive external condition so the most suitable direction, target, and strategy for the organization are the ones that are defensive (e.g. survival strategy)

From in-depth interviews with one of Citeras' leather craftsmen, representative of Citeras government, headman of Citeras village, representative of Citeras cooperative, and UMKM (Small and Middle Micro Enterprises) expertise, Agung Budi Waludjati, it is known that by the end of 2017 and for the whole 2018, Citeras' leather craftsmen have done various alternative combination of WT strategies: (1) doing merger; (2) defending their business survival and existence; (3) liquidation.

The position of Citeras' leather craft business that is located in third quadrant is different with Citeras' leather craft business in 2017. Based on the previous research, it is known that this business used to be in growth position with market penetration strategy as the most suitable strategy to be implemented.

Market penetration is one of the growth strategies where companies will focus on selling the previous existing products. One of the main goal of this strategy is to defend or to enhance the market share through advertisement and promotion (Kotler: 2012). One of advertising and promotion platform that is currently on the hit is website.

Moreover, the first year's research has answered the first Problem Formula that is internal and external factors in leather craft small industries in Citeras. These external factors consist of: (1) High quality product; (2) Product's neatness that has been acknowledged by consumers; (3) Competitive prices; (4) Capable human resources, and; (5) Attractive models and designs of the products. Though so, the internal weakness factors are also in the way which consist of: (1) Limited marketing area; (2) Lack of funds; (3) Non-existing marketing expertise for the business; (4) Bad packaging, and; (5) Unclear segmentation.

Next are external opportunity factors that consist of: (1) Carefulness and neatness characteristics possessed by Citeras' leather craftsmen that impact on product's quality; (2) High interest from the society on Rangkasbitung's leather crafts; (3) Easy access to promotion through internet; (4) Open market through ASEAN Economic Community policy, and; (5) Partnership with KUMKM (government). Meanwhile, the external threat factors are: (1) Society's lack of knowledge about Rangkasbitung's leather craft; (2) Society's lack of knowledge of product's high quality; (3) Low capability of the craftsmen in creating better designs for their products; (4) External domestic competitors; (5) International competitors, and; (6) Inflation.

Based on the internal and external factors above, it is shown that the total score of strategic internal factor is 2,958 where the correlation between partnerships have average internal factor in



the business/certified through partnership platforms, while external strategic factor scores as much as 2,917 which shows the response given by partnership towards external environment is categorized as high. Though so, if these internal and external partnership(s) can't be well-maintained, it can change the industries' position in the diagram.

If both scores from both internal and external strategic factors are mapped in the matrix, the partnership's position in 2017 is located in Quadrant I. This means the most suitable strategy for this condition is growth strategy. This strategy is designed to achieve growth, whether in sales or in profit assets or the combination of both. However, this strategy cannot be implemented as the position has shifted into Quadrant III in 2018.

With the same internal and external factors, whereas in 2018, Citeras' leather craft industries are in defensive position, it can be concluded that the majority of these industries tend to defend their business existence (survival strategy), doing merger, shrinkage, announcing bankruptcy or choosing liquidation which also explain to decreasing of their population since 2017 to 2018.

## **6. CONCLUSION AND SUGGESTION**

Temporary conclusions from this research are elaborated through the following:

1. Internal factors by Citeras' leather craft industries in 2017 and in 2018 are still the same, which are: (1) High quality product; (2) Product's neatness that has been acknowledged by consumers; (3) Competitive prices; (4) Capable human resources, and; (5) Attractive models and designs of the products. Meanwhile, the internal weakness factors are: (1) Limited marketing area; (2) Lack of funds; (3) Non-existing marketing expertise for the business; (4) Bad packaging, and; (5) Unclear segmentation.
2. Next are external opportunity factors that consist of: (1) Carefulness and neatness characteristics possessed by Citeras' leather craftsmen that impact on product's quality; (2) High interest from the society on Rangkasbitung's leather crafts; (3) Easy access to promotion through internet; (4) Open market through ASEAN Economic Community policy, and; (5) Partnership with KUMKM (government). Meanwhile, the external threat factors are: (1) Society's lack of knowledge about Rangkasbitung's leather craft; (2) Society's lack of knowledge of product's high quality; (3) Low capability of the craftsmen in creating better designs for their products; (4) External domestic competitors; (5) International competitors, and; (6) Inflation.
3. The alternative strategy obtained from SWOT analysis in 2017 is different than in 2018, where in 2017 the most suitable strategy was SO strategy with alternative priority is marketing penetration, while in 2018, the most suitable strategy to be implemented is WT

strategy. This WT strategy consists of several alternatives that can be done, such as merger strategy, survival strategy, and liquidation strategy.

4. The order of strategy's priority based on Attractiveness Score (AS) from respondents are: survival strategy in the first place, merger strategy in the second place, and liquidation strategy in the third place.

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