THE PRODUCT MAPPING AND THE MARKET SEGMENTATION TO DETERMINE THE STRATEGY TO ENHANCE THE BUSINESS COMPETITION OF THE MEDAN STUDENTS

Ani Murwani Muhar[1], Audia Junita[2]
Economics Science Higher School Harapan Medan[1,2]
Imam Bonjol Street No.35, Medan[1,2]
ani_muhar@yahoo.com [1], audia.junita@yahoo.com[2]

ABSTRACT

The result of this research showed that the business activities carried out by the college students were grouped into five clusters. They were: a) agriculture, b) livestock, c) fashion, d) handicraft, and e) culinary. Referring to the clusters, the businessmen among college students did some important steps to get advantages. One of the important steps was mapping the conditions in each of the categories. The mapping is directed on the particular segments based on lifestyles, such as: business enterprising types, resident types, social types, and entertainer types. The strategic steps were in the form of series of the stages of the program or activity which were determined by SWOT analysis. Through this analysis, it is expected that the businessmen could hold and determine the competitive advantage so that they could be the leader in the market. Moreover, it also occurred on the businesses which were implemented by young businessmen from the educational institution. By involving the micro, small enterprise businessmen, the experts, and the local government officials, this research obtained some important data or input in formulating marketing strategies to enhance the competition of the businesses of the micro, small enterprise. This research used qualitative and quantitative approaches. The data collecting techniques were filling the questionnaire, conducting depth interview, and doing FGD.

The businessmen among the college students had strengths on the non-physical aspects such as motivation and independence. In addition, the problems on the relationship which had existed so far between suppliers and customers or consumers could also be the strength for the businessmen among the college students. However, the college students also had weaknesses. The weaknesses were in the form of the minimal capital, the simple business management issues, and the current infrastructures to process the production. The college students felt that the campus was a very potential market. Moreover, their market share on products was also relatively high compared to the competitors in the market inside the campus. In addition, the opportunities which were seen by the businessmen were: a) competition at campus could relatively be overcome by them, b) the support of government agencies and the campus itself, and c) the consultancy assistance of the campus due to the businesses which was carried out. Furthermore, the condition which complicates their business development was about the problem of competition on condition that the products would be sold especially in markets outside the campus.

KEY WORDS
Clusters, Segmentation, Strategy, Competition.

1. Introduction

Recently, almost all the people who were associated with the economy often discuss the issue of MSE (Micro and Small Enterprises) and the government. Moreover, Indonesia is continuously encountering the challenges known as the ASEAN Economic

Community - 2015 (AEC-2015). Therefore the readiness of the MSE businessmen will be important issues to be considered, including the performers in North Sumatra.

The issue of MSE ultimately ends up to one thought. It is about how to increase the competition in the MSE, especially for college students. Moreover, it is also the same as MSE outside the campus. As the MSE businessmen, the college students often face the same thing with those who operate outside the campus. The issue which they face is still around the competition and the sustainability of the businessmen. Among those issues, the marketing strategy is one of the serious issues which include the product clustering and the market segmentation.

According to data of BPS-SU (2003), it showed that there were the reductions on the number of businesses that do not have legal entities which are dominant in the group of the MSE businessmen including in the students' environment from 662.159 enterprises to 503.097 enterprises. The number of workers which was from 1.184.135 decreased into 1,014,196 inhabitants; while, the number of medium and large enterprises increased from 1.007 units to 1.012 units with which the amount of labor was 147.761 to 150.125 labours. This fact indicates that conditions of enterprises in North Sumatra were still dominated by MSE performers even though the number of business entrepreneurs has decreased.

The dominance of MSE businessmen are described not only to improve the local economy, but also to turn as a threat which can bring economic disaster for the nation, especially for the people of North Sumatra on condition that if the MSE was not managed properly. Thus, mentoring and guidance or advice to the MSE businessmen is urgent. Through a mentoring and consultancy activities, especially among the college students, it is expected to create reliable and highly competition on MSE businessmen.

Although the concept of competition is a complicated concept (Tambunan, 2008), but it does not mean that competition is not discussed. Man et al. (2002) indicates that there are some things which become the indicators on the MSE competition. They are: 1) the scope of the businesses competition, 2) the capability of the organization, 3) the competence of the owners of businesses, and 4) the performance of the business. These indicators are used to look the competition on MSE and it can be said as a matter of priority to look the competition of MSE. Regarding this matter, Tamba (2004) explains that the turbulence of the MSE businessmen in the marketing context is followed by uncertain conditions and is filled by a variety of fluctuating conditions.

According to the explanation above, the MSE businessmen (college students) still have the condition from which they are not ready to compete so that the good changes which occur both inside and outside the campus are still a threat for college students. It is because there are many discussions about the general condition of MSE which has the tendency to hesitate the readiness of MSE businessmen to compete (Daily Field Analysis, 2014). Therefore, this research tries to give answers to the condition which is being faced by the MSE businessmen among college students through product clusters that they produce. Besides, this research is constructed to formulate the appropriate strategic based on the conditions of the products they produce.

This research provides benefits to the MSE businessmen (college students) through maximizing the existing strategy. The strategy utilization is able to enhance their competition to the local market and the broader market. On the other hand, this research provides benefits for the policy makers (government) to promote MSE, especially in Medan. Thus, after the relationship of product clusters, the market segmentation, and the marketing strategy has been seen, this research is able to support the formation of the

increasing competition among MSE businessmen among the college student. In short, the implementation of this research becomes the important contribution for the manifestation of the high competition.

2. Reviews Of The Related Theories

2.1 Strategic Management

The strategic management is the term which was widely used to describe the decision process which becomes the focus of discussion. According to Umar (2008), the strategic management is the art and science of formulating, implementing, and evaluating on inter-functioning decision which enables an organization to achieve its objectives. The strategic planning is considerably focused on how the top management determines the vision, the mission, the philosophy and strategy of the company, to achieve the company's goals in the long term.

The strategic management plan is the long-term plan which is based on the analysis of internal and external environment. Moreover, the strategic management plan is also the long-term plan which is used to formulate the analysis to become a strategic decision to achieve the final goal. This decision covers the scope of businesses, products, and markets which have to be served. Moreover, its functions must also be implemented and its major policies are needed to regulate the implementation of the decision to achieve the target.

According to David (2009), the strategic management is the science on formulating and evaluating of the cross-functional decisions that enable the organization to achieve its goals. The strategic management focuses to integrate aspects of marketing, finance or accounting, production, research and development, and information systems to achieve the success in the organization.

The process of the strategic management is a package of commitments. The process of the strategic management has dynamic characteristics by which the strategic measurements are effectively and efficiently considered as prerequisites for achieving the strategy from the expected strategic competition (Huskisson, et al, 2002) so that the process of the strategy management is regarded as the strategic planning flow to determine goals and develop strategies. In addition, Purwanto (2008) writes that the determination of the appropriate strategy is started from recognizing and understanding opportunities and threats from the external environment of companies and the strengths and weaknesses from the internal environment of companies.

2.2 Marketing

Marketing is one of the parts of the management which is very important in achieving the companies' goals. The marketing is a very complex process so that it takes a good understanding to be able to practice it. According to Kotler (2011), marketing is:

" *A societal and management process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others.*"

The definition above indicated that marketing has individuals or groups which interact each other. These interactions occur as a result of the need, desire, and value between those parts so that the exchange occurs and causes individuals or groups to have the need and desire to obtain products and values that can give them satisfaction.

Furthermore, the marketing activities are started from the fact that human has some needs and desires. Human needs and desires are the basis of the marketing concept. To meet the needs and desires, a consumer is faced with a variety of products based on their functions or benefits which are similar.

2.3 Market Segmentation

Due to the impossibility to serve each customer, companies generally need to divide the market into several segments which are known as the market

segmentation. Besides, to classify the market also provides benefits for the companies when they are believed that the breadth of the market. Morever, the diversity of the consumers cannot be effectively controlled by the single product.

Kotler (2011) states that this market segmentation is a large group that can be identified in the market through the common desires, the purchasing powers, the geographical locations, the purchasing attitudes, or the purchasing habits. Schiffman and Kanuk (2009) and Engel et al (2005) also say that the market segmentation is the process of the potential market divisions into several groups of different consumers with the existing needs or characteristics or the process of selecting one or more segments to become the target with the different marketing combination. Based on the definition from Schiffman, Kanuk, and Engel et al, it shows that the market segmentation is also an important component in determining the strategic marketing (Martin et al., 2000). According to Loudon and Bitta (2002), the market segmentation facilitates the development of the effectiveness of the marketing programs for specific segments. The market segmentation is based on two large groups. The first group is the consumer characteristics which can be described by the characteristics of consumers such as the geographic characteristics, the demographic characteristics, and the psychological characteristics of consumers. The second group is the consumer responses such as events, benefits, user status, usage rate, loyalty status, readiness stage, and the attitude on the product.

The market segmentation gives a perspective for the company about the marketing opportunities on a various group of consumers. After the segmentation process, the companies evaluate the various segments and decide how many segments and which segments will be targeted. According to Wells et al (2005), the target market is a segment or several segments which are very profitable for the companies.

Dharmmesta and Irawan (1987) in Pratiwi and Dharmmesta (2000) say that the target market is the market which has the same needs and characteristics which are decided by the companies to be served. The companies can use various strategies such as the market coverage, the undifferentiated marketing, the differentiated marketing, and the concentrated marketing. However, market segment evaluations are required before deciding those strategies. The market segment evaluations should be taken into account of three factors. They are: 1) the size and growth of the segment, 2) the attractiveness of the segment structure, 3) the interest and resource of the companies.

2.4 Research Method

This research was located in the state universities and private universities in the Medan city. The state universities were USU, UNIMED, IAIN, and POLMED. The private universities were Nomensen University, UMSU, UISU, UMA, UDA, and UNPAB. These private universities had Business Incubators. The respondents of this research were the college students or the alumni of the state universities and the private universities which have small businesses, academics, practitioners, government, banking or financing agencies, college students, and community in the city of Medan from which.

This research used the qualitative approach with the primary data. The data was obtained directly from the respondents to obtain the data of the advantageous products in each college, the consumers' characteristics, the strengths and weaknesses of the opportunities and the threats in each cluster, and the usable strategies. The data were collected by filling the questionnaire, conducting depth interview, and doing focus group discussion (FGD). Data analysis techniques which were used in this research are SWOT analysis.

3. Results Of This Research

The strengths, the weaknesses, the opportunities, and the threats, and the strategies on each cluster were:

Tabel 3.1 Agriculture

Internal Factors / External Factors	STRENGHTS: 1. Having experiences in the agricultural business of guava honey fruits. 2. Supported by the parents, the college students, and lecturers. 3. Obtaining guidance by the Agriculture Department of Medan. 4. Having modern production tools. 5. Having a personal land. 6. There were good relationship with consumers.	WEAKNESSES: 1. The financial administration was relatively simple. 2. The distribution network had not relatively wide. 3. The product packaging was still simple. 4. The promotion was not aggressive. 5. There was lack of the capital. 6. Lack of time to manage it professionally.
OPPORTUNITIES: 1. The colleges were the business partners in marketing the products. 2. There was a tendency of consumers to consume fresh fruits without refrigeration or other processes. 3. There was the Agriculture and Health program for eradicating malnutrition which was from lack of eating fruit.	**Strategies to Use Strengths to utilise opportunities** 1. Implementing the cooperation with friends outside the faculty. 2. Always follow the various events conducted by the relevant agency. 3. Maintaining and improving the hygiene of the products.	**Strategy to Control weaknesses by Utilizing Opportunities** 1. Increasing the promotional activities. 2. Expanding the market sector to supermarkets in order to increase the demand. 3. Joining the business management training organized by the private and government agency.
THREATS: 1. There were no colleagues who are interested in doing the fruit businesses. 2. There were the competitors coming from outside the campus. 3. The robbery of the products committed by the environment.	**Strategies to Use Strengths to overcome Threats** 1. Maintaining cooperative relationships with all the stakeholders. 2. Developing the good relationship among the business circles.	**Strategy to decrease Weaknesses and handle Threats** 1. Performing product innovation particularly in the packaging products. 2. Opening the personal outlets at campus.

Tabel 3.2 Livestock

Internal Factors / External Factors	STRENGTHS: 1. Having an adequate business location and adequate facilities and infrastructure. 2. Having an adequate product diversification to serve the needs of the market 3. There were the disciplined, reliable workers. 4. There was water needed for fish breeding.	WEAKNESSES: 1. The limit of the information to increase the value-added products. 2. The conserving management and the production to the financial management were still modest. 3. There was lack of the capital.
OPPORTUNITIES: 1. There was the technology development on fish farming management. 2. There were various types of fish that can already be conserved and used through fresh water. 3. The demand for fish and other pets was increasing. 4. There was the availability of the consultancy for pet breeding at campus.	**Strategies to Use Strengths to utilise opportunities** 1. Improving the quality and quantity of the products. 2. Improving the promotion through the agency in the Medan city. 3. Maximising colleges who are interested in the pet world.	**Strategy to Control weaknesses by Utilizing Opportunities** 1. Improving the relationship with the government or private sector which provides business management training on pets and fish farming, 2. Improving the management of the business. 3. Cooperating with the financial agency which was available on campus.
THREATS: 1. There were pests which could not be overcome. 2. The businessmen on pets were many. 3. There were rules of quarantine on pets which were marketed to other regions or provinces.	**Strategies to Use Strengths to overcome Threats** 1. Optimization of the infrastructures and facilities. 2. Increasing the competition through the quality and efficiency of the products. 3. Improving the production technology.	**Strategy to decrease Weaknesses and handle Threats** 1. Improving good relations with customers and suppliers. 2. Always participate in each event to promote the products.

Tabel 3.3 Fashion

Tabel 3.4 Handicraft

Internal Factors \ External Factors	STRENGHTS: 1. Having a private business convection. 2. The college students and the public had their own fashion brand. 3. The affordable price for the consumers, especially the college students. 4. Utilizing online market.	WEAKNESSES: 1. The convection still had simple tools which was used to produce the products. 2. Advertising and promoting were limitedly run. 3. The management of the business was still simple. 4. There was lack of the capital.
OPPORTUNITIES: 1. The fashion market among the college students was still wide open. 2. The competition at campus market was still low. 3. Product innovations which were still very open. 4. There was the availability of CSR from private companies and the government.	Strategies to Use Strengths to utilise opportunities 1. Conducting the periodic innovation. 2. Optimizing promotions organized by the colleges and government or private sectors.	Strategy to Control weaknesses by Utilizing Opportunities 1. Doing efficiency in producing the products. 2. Doing the cooperation with various parties which provide the opportunity to sell their products and to improve the management business.
THREAT: 1. The prices of raw materials tentatively rises 2. Production machine owned by the competitors were sophisticated 3. Transfer of professional labor force relatively occurred.	Strategies to Use Strengths to overcome Threats 1. Performing a good relationship with raw materials suppliers. 2. Maintaining the harmonization with workers.	Strategy to decrease Weaknesses and handle Threats 1. Performing the optimization of infrastructure and facilities. 2. Exploring new markets in locations visited by the public.

Tabel 3.5 Culinary

Internal Factors \ External Factor	STRENGHTS: 1. The production location was passed by the public transport and was easily accessible. 2. Having a relatively broad network. 3. Independent. 4. Having the confidence to create freely.	WEAKNESSES: 1. The difficulty in the supply of raw materials. 2. The uncertain condition on the electricity supply which could interrupt the production process. 3. The management of the business was still simple. 4. There was lack of the capital.
OPPORTUNITIES: 1. The production process was environmentally friendly and it made the market interested in purchasing it. 2. A support was made for a good tourism program by the provincial government and municipal government. 3. There was the availability of the galleries as product containers. 4. The tendency of giving souvenirs in each event held by the government or the college students.	Strategies to Use Strengths to utilise opportunities 1. Packing the products and giving the eco-friendly image to the consumers. 2. Cooperating with the tour and travel services. 3. Cooperating with the school parties.	Controlling Strategy weakness by Utilizing Opportunity 1. Doing consignment selling with the existing gallery. 2. Learning from the people who had experiences about the business management. 3. Producing product efficiently but without reducing the quality of the product.
THREATS: 1. There are large competitors. 2. Lack of the financing agency of handicraft industry. 3. The power of innovation and the promotion belong to the foreign products.	**Strategi Memakai Kekuatan Untuk Mengatasi Ancaman** 1. Always be innovative and dare to be different. 2. Maximize existing networks.	**Strategi Memperkecil Kelemahan dan Menangani Ancaman** 1. Reading the competitors' movement in marketing the products. 2. Being the target business of the company that distribute CSR.

Internal Factor \ External Factor	STRENGHTS: 1. Having the typical characteristics seen from tastes of the products. 2. The selling location was near to the consumer. 3. The selling price was very competitive. 4. Having passion in producing foods and drinks. 5. In the market, the products were still relatively few.	WEAKNESSES: 1. The business management was still simple. 2. The equipment was simple. 3. There was lack of the capital.
OPPORTUNITIES:	Strategies to Use	Strategy to

1. Having consulting places at campus about the roduct diversification. 2. The market for food produced by the students was still wide open. 3. The lecturers were interested in the products	**Strengths to utilise opportunities** 1. Strengthening the promotion to introduce the uniqueness of the products, 2. Creating events like fairs at the campus.	**Control weaknesses by Utilizing Opportunities** 1. Joining several management training organized by the government or private the agency. 2. Cooperating with parties that were interested in the culinary business.
ANCAMAN: 1. The price of the raw material which was relatively appealing. 2. The number of similar business carried out by the others, 3. The type of the perishable products or not suitable for consumptions.	**Strategies to Use Strengths to overcome Threats** 1. Always maintaining a competitive price. 2. Highlighting the primacy or the specificity of the products. 3. Encouraging oneself with the other kinds of the raw materials to produce the same products.	**Strategy to decrease Weaknesses and handle Threats** 1. Promoting parents in the business. 2. Expanding the market sector from the nearest environment 3. Taking advantages of the close relationship among friends and professors.

4. Conclusions and Suggestions

4.1 Conclusions

Several conclusions can be presented as follows:

a. In general, the businessmen among the college students tended to have more power in their motivation and independency. In addition, the problems on the relationship between the suppliers and the customers or the consumers could be the strength of the businessmen among the college students.

b. The weaknesses had by the businessmen among the college students were in the form of the minimal capital and the simple business management. On the other hand, the problems on the current infrastructures which were used to produce the products also became an important weakness in developing business among the college students.

c. The businessmen among the college students felt that the campus was a very potential market that they entered. Moreover, the market share of their products was relatively high compared to competitors in the market inside the campus.

d. Several opportunities were seen by the businessmen among the college students so that they could survive and even grew their business. Those opportunities were:
   - The competition at campus still relatively could be overcome by them
   - There were supports from government agencies and the campus
   - There were the consultancy assistances on the business run by the businessmen among the college students.

e. There was the condition which complicates the development of the businessmen among the college students. It was the competition. It was because the product would be sold in markets outside the campus.

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