



Marketing development strategy of tempe home industry in Sidenreng Rappang Regency

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ABSTRACT

Sidenreng Rappang Regency is one of the tempe home industry production centres. This research aims to identify strategic factors, which are strengths and weaknesses as well as opportunities and threats, and then formulate and set priorities for the marketing development strategy of the tempe home industry in Sidenreng Rappang Regency. This research was analysed using the help of the Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) matrices to answer strategic factors that become strengths and weaknesses as well as opportunities and threats, followed by a SWOT matrix analysis to formulate and set priorities for industrial marketing development strategies. Tempe home in Sidenreng Rappang Regency. The results of the study show that internal and external factors are the strengths and weaknesses as well as opportunities and threats in developing the marketing of the tofu industry, so several alternative strategies can be considered, including product diversification and market expansion strategies, strategies for increasing human resources and product innovation, strategies to strengthen differentiation and collaboration as well as strategies to increase competence and diversify sources of raw materials.

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INTRODUCTION

The agricultural sector still plays a significant role in the Indonesian economy (Bashir et al., 2019; Suryahadi et al., 2009; Syuaib, 2016). This happens because the agricultural sector contributes to Gross Domestic Product (GDP), absorbs labour, provides a variety of food choices, supports the upstream and downstream industrial sectors, increases farmers' income, and has the potential to contribute significant foreign exchange (Sayifullah & Emmalian, 2018). According to (Tambunan, 2011), at least several factors can be expressed that the agricultural sector is essential in the development process, namely the agricultural sector produces products that are needed as input for other sectors, especially the industrial sector, such as the textile industry, food industry and beverage

industry. As an agrarian country, the agricultural sector is robust in the economy in the early stages of development (Agboola & Bekun, 2019; Binswanger & Deininger, 1997).

Agricultural commodities that can be developed as agro-industry are food crop commodities. One of the agricultural commodities that can be developed as an agro-industry is soybean (Nuraini et al., 2021). Soybean processing is classified into two: with fermentation, such as tempeh, soy sauce and tauco, and without fermentation, such as tofu, soy milk, soy flour and bean sprouts (Astawan et al., 2018; Wang, 1979). These products have become part of the daily diet of residents of all levels of society (Prasetyo et al., 2013). Tempe agro-industry is a household-based industry that has good potential to be developed. As a commodity, Tempe has excellent potential and still has vast market opportunities.

In Sidenreng Rappang Regency, the tempe industry is still relatively simple and with small capital. These problems occur due to having complete human resources and needing an excellent entrepreneurial spirit, lack of innovation in creating products, limited business capital, no clear goals to be achieved by business actors, and lack of knowledge and skills to maximise a business. This is an obstacle to developing this industry into a medium or modern industry (Sumarni & Prihandoyo, 2021). In addition, more business capital is needed for the tempe home industry in Sidenreng Rappang Regency. With adequate access to financial resources, it is easier for the tempe cottage industry to make the necessary expansion or investment to thrive. The high price of soybeans and the high demand for soybeans and processed food made from soybeans have overwhelmed many tempeh home industries. According to (Fatkhuroji et al., 2019), the great demand for high soybean prices for food needs, both for processed and finished ingredients, makes soybean prices very volatile as soybean imports continue to increase. The pattern of very volatile soybean prices triggers economic turmoil, which triggers inflation in one area. Seeing the potential and challenges in increasing the marketing of the tempe home industry, it is necessary to develop marketing by identifying strategic factors, which are strengths and weaknesses as well as opportunities and threats, then formulating and setting priorities for the marketing development strategy of the tempe home industry in Sidenreng Rappang Regency.

RESEARCH METHOD

This research was conducted in Pancarijang District, Sidenreng Rappang Regency. The research locations were selected purposively, considering that the area is a centre for producing the tempeh cottage industry. The data collected in this study consisted of primary data and secondary data. According to (P. D. Sugiyono, 2015), primary data is a data source that directly provides data to data collectors, while secondary data is a source that does not directly provide data to data collectors. Primary data were obtained from direct observations in the field and direct interviews with informants at the research location based on the questionnaires that had been made for secondary data obtained from literature and through related sources.

The informant determination technique used in this study was a purposive sampling technique. (D. Sugiyono, 2013) states that a purposive sampling technique takes samples from data sources with specific considerations. The research informant (resource person) has information about the research object. The informants in this study came from direct interviews who were referred to as resource persons. In this study, informants were determined using a purposive technique, namely selected with specific considerations and objectives, who master an object the researcher is researching. Informants by research needs are directly involved in the tempe home industry business in Sidenreng Rappang Regency. In these leaders, a leader is in charge of managing all company activities during production. These employees represent a large workforce in charge of coordinating the performance of producers and tempe traders who buy and market their products to consumers.

This research was analysed using the help of the Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) matrices to answer strategic factors that become strengths and

weaknesses as well as opportunities and threats, followed by a SWOT matrix analysis to formulate and set priorities for industrial marketing development strategies. Tempe home in Sidenreng Rappang Regency. Strategy formulation is carried out through two stages of analysis: Stage 1 (called the Input Stage) to summarise the basic information needed to formulate a strategy; Stage 2 (called the Matching Stage) to create feasible alternative strategies by matching internal and external strategic factors.

RESULTS AND DISCUSSIONS

In determining alternative marketing strategies, SWOT analysis is used by first analysing internal and external factors to identify strategic factors that become strengths and weaknesses as well as opportunities and threats in the marketing development of the tempe home industry business. After the results of the analysis of internal factors (strengths and weaknesses) and analysis of external factors are known, the next step is to make a matrix of internal strategic factors (IFE) and external strategic factors (EFE) as follows:

Table 1. Matrix of internal strategic factors (IFE) and external strategic factors (EFE)

Internal Faktor		Weight	Rating	Score
Strength				
1	Larger market share (lower middle class)	0.15	4	0.60
2	Guaranteed product quality	0.12	3	0.36
3	Short distribution channels	0.12	3	0.36
4	Tempe business experience	0.13	4	0.52
Weakness				
1	Lack of expert human resources	0.13	4	0.52
2	Dependence to always use imported soybeans	0.12	3	0.36
3	Less creative in product innovation	0.11	3	0.33
4	Using simple technology	0.12	4	0.48
Total		1.00		3.53
External Factors		Weight	Rating	Score
Opportunity				
1	Tempe trend is increasing	0.15	4	0.60
2	The Number Of Traders Helps the Expansion Of Marketing	0.13	2	0.26
3	Demand for tempeh increases when fish prices rise	0.15	3	0.45
4	The price of tempeh is stable	0.14	3	0.42
Threat				
1	There is business competition	0.15	3	0.45
2	Late payments from retailers	0.13	2	0.26
3	Scarcity of raw materials and high prices of raw materials	0.15	4	0.60
Total		1.00		3.04

Source: Primary Data After Processing (2023)

Based on Table 1, the internal fundamental factor matrix (IFE) analysis of strengths and weaknesses was selected with the highest score for the tempe home industry in Sidenreng Rappang Regency. The main strength in the analysis of the internal environment for the marketing development of the tempe home industry business is the larger market share (lower middle class) with the highest score of 0.60 with an average weight of 0.15 with a rating of 4, indicating that the lower middle class has a significant market potential. And they are the main target for tempe products. Targeting this segment allows the tempe home industry business to reach more potential consumers and increase sales. According to (Arnold et al., 2020), a larger market share among the lower middle class has the power to develop effective marketing strategies and achieve sustainable

growth. At the same time, the main weakness is the lack of expert human resources, with a score of 0.52 with an average weight of 0.13 with a rating of 4, indicating that the lack of expert human resources is a factor that can affect the performance and ability of the tempe business industry. Limited knowledge and skills possessed by the workforce can hinder innovation, efficiency, and quality of tempe production. According to (Adawiyah, 2014), the inhibiting factors for the growth of micro, small and medium enterprises are business management capabilities and the quality of human resources, which still need to be improved.

Matrix analysis of external key factors (EFE) on opportunities and threats was chosen with the highest score for the tempe home industry in Sidenreng Rappang Regency. The foremost opportunity in the analysis of the external environment for the marketing development of the tempe home industry is the marketing trend of tempe increasing with a score of 0.60 with an average weight of 0.15 and an average rating of 4. This is a favourable factor for the tempe cottage industry in Sidenreng Rappang Regency. Because demand and public interest in tempe are rising, which can create opportunities to increase sales and market share, according to (Mardiana et al., 2018), with an ever-increasing level of demand, the supply of tempe by producers to the market will also increase, and the price will also increase. This happens because producers desire to meet the needs and demands of consumers for tempeh to get high profits. At the same time, the main threat indicated by the main threat factor is the scarcity of raw materials and the high price of raw materials, with a score of 0.60, an average weight of 0.15 and an average rating of 4. This shows that the scarcity of raw materials can severely threaten the tempe home industry. If the supply of raw materials, such as soybeans, is limited or unstable, tempeh production can be disrupted. This can lead to decreased production, increased production costs, and difficulties meeting market demand. In addition, the high price of raw materials can also be a burden for the tempe home industry. If the price of raw materials increases significantly, the cost of producing tempeh will increase. This can reduce business profitability and make the selling price of tempe higher, which can affect competitiveness and consumer demand. According to (Machfiroh, 2019), the scarcity of tempeh production is caused by the increase in soybean prices, which is challenging to offset by the increase in the selling price of tempeh, especially with limited capital. In addition, (Ginting et al., 2009) state that there is government intervention as a policy maker, in this case, to stabilise the price of soybeans as a raw material in the tempe agro-industry by setting a base price for soybeans to ease the agro-industry in purchasing raw materials. Tempe and agro-industry can maintain the continuity of meeting the needs of raw materials for tempe production.

After knowing the position of the results of combining internal and external vital factors, several alternative strategies can be formulated for the development of marketing of the tempe home industry in Sidenreng Rappang Regency. These strategies are grouped into four cells: S-O strategy, S-T strategy, W-O strategy, and W-T strategy. The results of the SWOT matrix analysis can be seen in Table 2.

Table 2. SWOT matrix analysis of tempe home industry business marketing development

		Strengths (S)	Weakness (W)
		Internal Analysis	<ol style="list-style-type: none"> 1. Larger market share (lower middle class) 2. Guaranteed product quality 3. Short distribution channels 4. Tempe business experience
External Analysis			
		SO Strategy	WO Strategy
Opportunities (O)			
<ol style="list-style-type: none"> 1. Tempe trend is increasing 2. The Number Of Traders Helps the Expansion Of Marketing 		Product Diversification Strategy and Market Expansion	Human Resources Improvement Strategy and Product Innovation

- 3. Demand for tempeh increases when fish prices rise
- 4. The price of tempeh is stable

Threats (T)	ST Strategy	WT Strategy
1. There is business competition	Differentiation and Collaboration	Competency Improvement
2. Late payments from retailers	Strengthening Strategies	Strategy and Diversification of Raw Material Sources
3. Scarcity of raw materials and high prices of raw materials		

Source: Primary Data After Processing (2023)

From the results of the SWOT matrix, several alternative strategies can be obtained in developing the marketing of the tempe home industry in Sidenreng Rappang Regency. The SO strategy is a strategy for product diversification and market expansion. By implementing this strategy, the tempe home industry can take advantage of its internal strengths, such as significant market share and guaranteed product quality, as well as take advantage of external opportunities, such as the trend of increasing demand for tempe and rising fish prices. Product diversification, market expansion, and maintaining high product quality will help strengthen the position of the tempe industry and increase market share and business profits. According to (Nugroho et al., 2019), the diversification of processed tempe products can open up new market opportunities, especially among children and adolescents, by increasing the economic value of tempe and making it instant consumption. Tempe product diversification provides an increase in product taste and image, as well as creates opportunities to expand market share.

The WO strategy is a strategy for increasing human resources and product innovation. Implementing this strategy allows the tempe home industry to overcome internal weaknesses. Increasing skilled human resources will improve the quality of tempe production, diversification of sources of raw materials will reduce dependence on imports, product innovation will expand market share, and the use of advanced technology will increase operational efficiency. By taking advantage of external opportunities, such as the trend of increasing demand for tempe and stability in tempe prices, this strategy will help improve the competitiveness and sustainability of the tempe industry. According to (Mursalat et al., 2021), we are improving the quality of human resources through programs organised by the government, including training for business actors and comparative studies between business actors to make this industry stronger in competition in the local or global business world.

The ST strategy is a strategy for strengthening differentiation and collaboration. By implementing this strategy, the tempe home industry can take advantage of its internal strengths, such as a significant market share, guaranteed product quality, short distribution channels, and experience in the tempe business. This strategy also addresses external threats, such as business competition, late retail payments, scarcity and high prices of raw materials. By strengthening product differentiation, maintaining good relations with traders, managing the supply of raw materials, and optimising distribution channels, the tempe industry can face challenges and expand business success. According to (Habibie & Sari, 2023), it was strengthening planning strategies and collaboration between related parties from upstream to downstream needs to be supported by various synergistic resources.

The WT strategy is a strategy to increase competency and diversify sources of raw materials. By implementing this strategy, the tempe industry can overcome internal weaknesses such as a lack of skilled human resources, dependence on imported soybeans, lack of creativity in product innovation, and using simple technology. Increasing human resources competencies, diversifying sources of raw materials, increasing creativity and product innovation, and utilising more advanced technology will help overcome external threats such as business competition, late retail payments, scarcity of raw materials, and high raw material prices. According to (Mursalat & Haryono, 2023),

managing raw materials is critical for a business to get the desired profit. With an increase in production capacity, it will also increase the volume of raw materials, which will also increase so that the business will increasingly exist and compete with other businesses. Other tempe then must be able to manage the raw materials used in production properly.

CONCLUSION

Based on the results and discussion of the research, it can be concluded that the internal and external factors, which are the strengths and weaknesses as well as the opportunities and threats in developing the marketing of the tofu industry, several alternative strategies can be considered, including product diversification strategy and market expansion, strategies for increasing human resources and product innovation, strategies for strengthening differentiation and collaboration as well as strategies for increasing competence and diversifying sources of raw materials. Suggestions that can be proposed in connection with the results of the study are for tofu industry players should diversify products so that the products produced can have added value and establish partnerships with various financing institutions. In this case the government also plays a very important role in providing socialization in improving quality and quantity in order to increase product competitiveness and conduct comparative studies between business actors so as to make industries that can compete both in local and global businesses.

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