



Strategy Analysis of Development of Traditional Herbs SMEs during the Covid-19 Pandemic in Jember District

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ABSTRACT

The condition of the COVID-19 pandemic has pushed Indonesian consumers to demand herbal food and drinks as one of the anticipations of preventing the transmission of the COVID-19 virus. This provides a breath of fresh air for traditional herbal medicine entrepreneurs. Jamune Buk Woels in Jember Regency is present as an MSME who sees and takes advantage of the situation in Indonesia during the COVID-19 pandemic. This study aims to identify and examine the internal and external factors of Jamune Buk Woels, consider the determinants of the success of Jamune Buk Woels and formulate an effective marketing strategy that can be applied to the Jamune Buk Woels MSME market. The results showed that the Jamune Buk Woels MSME business development strategy was to apply an aggressive strategy, namely cooperating and partnering with MSME development agencies or institutions to help obtain business capital. Jamune Buk Woels needs to make efforts to improve the quality and quality of products, rebrand and market products with digital marketing. In addition, Jamune Buk Woels can empower housewives around so that it can increase the opportunities for opening up employment opportunities.

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1. Introduction

The economic condition during the COVID-19 pandemic is quite alarming. Enterprises, Micro, Small and Medium Enterprises (MSMEs) also feel the impact. MSMEs are the most important pillars in the Indonesian economy. The number of MSMEs in Indonesia is 64.19 million. According to the release of the Katadata Insight Center (KIC), the majority of MSMEs (82.9%) felt the negative impact of this pandemic and only a small portion (5.9%) experienced positive growth (www.ekon.go.id/).

The Covid-19 pandemic has changed consumer behavior and the map of business competition that business actors need to anticipate due to activity restrictions. Consumers do more activities at home by utilizing digital technology. That way, business actors including MSMEs need to innovate in producing goods and services in accordance with market needs. MSMEs can also develop various new business ideas that can also contribute to solving the socio-economic problems of the community due to the impact of the pandemic (social entrepreneurship).

In the post-COVID-19 pandemic, the government continues to formulate various policies and allocations of large funds to support small and medium enterprises (MSMEs) and the recovery of the national economy. The government's policy to restore MSMEs in Indonesia is a government plan and hope in stabilizing the economy in Indonesia (Ramadhan, 2020). One of them is with providing support incentives for MSMEs through the National Economic Recovery (PEN) program in 2020 and continued in 2021.

Starting the new normal era, small and medium enterprises (MSMEs) are gradually getting up and trying to find new defense strategies in managing their businesses. Efforts to face a very competitive business environment, Micro, Small and Medium Enterprises (MSMEs) or companies need to plan carefully, not only facing and oriented towards the future, but also being able to predict short and medium term changes. (Retnowati, 2014)

The condition of the COVID-19 pandemic has pushed Indonesian consumers to demand herbal food and drinks as one of the anticipations of preventing the transmission of the COVID-19 virus. This provides a breath of fresh air for traditional herbal medicine entrepreneurs. However, it cannot be denied, the competition is also getting tougher due to the presence of several new herbal medicine business players, for that we need the right marketing strategy to determine the survival of the company. Jurini (2003) also explains that there are 3 (three) stages taken by the company to establish a marketing strategy, namely (1) selecting the intended consumers, (2) identifying consumer desires, and (3) determining the marketing mix.

In its economic activity, the Indonesian herbal medicine industry market has shown significant growth with sales value reaching Rp 6 trillion, has created three million jobs, and with the largest consumer area on the island of Java reaching 60% in 2007 (GP Jamu and BPOM, 2008). With its comparative advantage as a local resource-based industry, KADIN in its 2030 vision and the National Industrial Road Map recommends herbal medicine as a leading industrial cluster that drives job creation and reduces poverty and on the basis of local wisdom and the potential of herbal products,

Jamune Buk Woels is here as an MSME who sees and takes advantage of the situation in Indonesia during the COVID-19 pandemic. The spices used as herbal medicine are believed to increase immunity and stamina, which are much needed by the people of Indonesia in preventing COVID-19. This is an opportunity that Jamune Buk Woels has in increasing market expansion. Jamune Buk Woels Jember is an original herbal concoction from Solo, produced by a large family, since the 1990s in Jember. With marketing around the Mangli to Rambli Puji area. In 2020, Jamune Buk Woels will be repackaged using modern and contemporary bottles, with the concept of packaged herbal medicine without pulp, and can serve consumers from the city and outside the city.

Currently, Jamune Buk Woels has launched various marketing strategies to attract consumers' interest and face competition in the midst of the COVID-19 pandemic. The marketing strategy in this case includes planning product advantages that have a Unique Selling Point (USP) such as the "seruni" variant, promotion through various media and platforms, affordable prices, and delivery courier facilities for faster and safer distribution of herbal medicine in the hands of consumers. However, efforts are needed to increase the potential of marketing strategies so that the continuity of this business remains optimal. By evaluating and improving each element of the marketing strategy that has been implemented.

Based on the observation of the literature study, the implementation of marketing strategies is important to do because it affects business sustainability in the future (Warren & Hendra, 2019), (Ahmad & Fivi, 2013), (Fadlillah & Elihami, 2020), (Agung, et al., 2018). However, these studies only looked at the company's internal and external factors in general, without experiencing changes in the environment and government policies during the COVID-19 pandemic. This study aims to identify and examine the internal and external factors of Jamune Buk Woels, consider the determinants of the success of Jamune Buk Woels and formulate an effective marketing strategy that can be applied to the Jamune Buk Woels MSME market.

2. Method

The analysis carried out in this study used a qualitative descriptive analysis using a SWOT (Strength, Weakness, Opportunity, Threat) analysis. This study uses primary data and secondary data conducted at Jamune Buk Woels SMEs which is located at Istana Kaliwates Residence, Persian Cluster, D-46. Primary data obtained directly through the process of interviews, observation and literature review. While secondary data is in the form of literature studies in the form of books, journals and other documents that are related to the study material. The steps taken in this SWOT analysis method are as follows:

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2.1 Matrix IFAS and EFAS

The steps taken in making the IFAS and EFAS matrix are as follows:

- Identify internal and external factors using IFAS and EFAS Matrix. Internal Factor Analysis System (IFAS) is used to identify internal factors which are then classified as Strengths (S) and Weaknesses (W), in conducting competition While External Factor Analysis System (EFAS) is used to identify external factors which are then classified as opportunities (O) and threats (T).
- Doing the weighting with a range of 0.0 (not important) to 1.0 (very important).
- Determining the rating with a value scale of 1 (poor) and 4 (outstanding) depending on the influence of factors that affect the running of the business. For the opportunity factor, it is given a rating of 1 (if the opportunity is small) to 4 (if the opportunity is greater). On the other hand, threats are given a rating of 1 (if the threat is small) to 4 (if the threat is getting bigger).
- Calculating the weighting score by multiplying the weight and rating values with the results of values of 1.0 (poor) and 4.0 (outstanding).

2.2 SWOT Chart

The SWOT diagram is made to determine the formulation of the development strategy as follows:

- Strength and opportunity (SO) strategy supports aggressive strategy
- Weaknesses and opportunities (WO) strategy supports diversification
- Strength and threat (ST) strategy supports defensive strategy
- Weaknesses and threats (WT) strategies support change strategy

2.3 SWOT Matrix

The SWOT matrix is made by compiling all the factors into a matrix to describe all these factors influencing each other so that a business development strategy can be formulated. The formulation of this strategy is in the form of: a. Strengths and Opportunities (SO) strategy. b. Weaknesses and Opportunities (WO) strategy c. Strength and Threat Strategy (ST) d. Weaknesses and Threats (WT) strategy

3. Results and Analysis

3.1 Identification of Internal and External Factors

Based on the observation of the internal environmental conditions, the strengths and weaknesses of the company are obtained, and by using the IFE matrix analysis, the weight and rating values of each factor can be determined. The IFE matrix was obtained through interviews with MSME owners about the extent to which internal strategic factors affect Jamune Buk Woels MSMEs. Adopting the results of the interview, the researcher assessed the weight and rating of each of Jamune Buk Woels' internal strategic factors which were used to determine the score. The results of the Jamune Buk Woels IFE matrix analysis are as follows:

Table 1
Internal Strategic Factor Analysis

Internal factors				
No	Strength	Weight	Rating	Score
1.	The product has a variety of flavors that can be enjoyed warm or cold	0.24	4	0.96
2	Have been with food delivery services such as Go Food	0.12	3	0.36
3	Attractive packaging because it lists the properties and also a clear composition	0.07	3	0.21
4	The cost of shipping services that tend to be cheap because they have scattered distribution channels	0.06	2	0.12
Amount		0.49	4	1.65
No	Weakness	Weight	Rating	Score
1.	Production processes and costs that are still not efficient enough	0.08	3	0.24
2.	Limited human resources that process the production process	0.15	4	0.60
3.	Requires high skills in product processing	0.07	3	0.21
4.	Limitations in packaging durability, especially brand labels are easily damaged when stored in the refrigerator	0.05	3	0.15

Internal factors				
No	Strength	Weight	Rating	Score
	Amount	0.35	4	1.20
	Total	0.84		2.85

Based on the IFAS matrix table, Jamune Buk Woels obtained a total weighted score of 2.85. Because Jamune Buk Woels has a value above 2.5, Jamune Buk Woels is in an average position, but is said to be quite strong because it has a value above 2.5. Regarding this, Jamune Buk Woels can take advantage of its strengths and can overcome existing weaknesses. Jamune Buk Woels has the main strength by having a score of 0.96, namely having products with a variety of flavors that can be enjoyed warm or cold. One of them is "Seruni" which consists of lemongrass and lime. This herbal drink product is considered to be a superior product and many devotees because it is fresh and beneficial for health.

The product offered by Jamune Buk Woels has a major weakness by having a score of 0.60, namely the limited human resources that process the production process. This will cause the amount of production produced by Jamune Buk Woels can not be too much in each process so that consumers have to queue to order herbal products. Meanwhile, from the results of observations of the company's external environment, the EFAS Matrix obtained through interviews with MSME owners regarding external strategic factors that affect Jamune Buk Woels MSMEs can be described. The results of the Jamune Buk Woels EFE matrix analysis are as follows.

Table 2
External Strategic Factor Analysis

External Factors				
No	Opportunity	Weight	Rating	Score
1.	The product has the potential to prevent Covid 19, so there is a lot of interest during the pandemic	0.16	4	0.64
2.	The product is favored by consumers because it does not have dregs	0.08	4	0.32
3.	The product has a long-established marketing network	0.08	2	0.16
4.	Products are marketed using the pre-order method to facilitate ordering and delivery	0.07	3	0.21
	Amount	0.39	4	1.33
No	Threat	Weight	Rating	Score
1.	The emergence of several new competitors of modern herbal medicine using the same concept	0.07	1	0.07
2.	Uncertainty in raw material prices which tend to fluctuate	0.18	4	0.72
3.	Some raw materials are rare and hard to get	0.08	3	0.24
4.	Competition with traditional herbal medicine sellers who also have their own fans	0.09	2	0.18
	Amount	0.42	4	1.21
	Total	0.81		2.54

Based on the EFAS matrix table, Jamune Buk Woels obtained a total weighted score of 2.54. Because Jamune Buk Woels has a total score above 2.5, then Jamune Buk Woels is in an average position, but is said to be quite strong because it has a value above 2.5. Regarding this, Jamune Buk Woels can be said to be able to take advantage of the opportunities it has and be able to overcome the existing threats. Jamune Buk Woels has the main opportunity, namely the Indonesian people really need high immunity with a value of 0.64. Currently, Indonesia is in the midst of a crisis of the COVID-19 virus pandemic which has also attacked almost all parts of the world. Even though the pandemic has not yet recovered, the people of Indonesia must face a new eranormal, where it is still required to have hard immunity by continuing to live side by side with the virus. Referring to this condition, people really need a good immune system. Consumption of natural spices contained in herbal medicine is believed to increase immunity in the human body. This opportunity can benefit Jamune Buk Woels MSMEs so that the profitability of Jamune Buk Woels MSMEs increases. The main threat that may be faced is the uncertainty of raw material prices which tend to fluctuate with a score of 0.72. This is the main threat because it can affect the productivity of Jamune Buk Woels SMEs. If productivity decreases, the profitability received also decreases. The production process of Jamune Buk Woels uses the main ingredients in the form of fresh and quality natural spices. This is a priority for the sustainability of Jamune Buk Woels SMEs to provide delicious,

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fresh, and delicious herbal products. and highly nutritious. Until now, Jamune Buk Woels SMEs always ensure the quality of their herbs, even though they use quality spices in the midst of price uncertainty. This is done as a form of effort to retain consumers.

Based on Table 1, it is known that the results of the weighting of internal factors obtained a total score of 1.65 for strengths and a total score of 1.20 for weaknesses so that the total number of internal factors was 2.85. Meanwhile, from Table 2. the total opportunity score is 1.33 and the total threat score is 1.21 with the total number of external factors being 2.54. So that the position of Jamune Buk Woels SMEs is obtained on the SWOT diagram as follows:

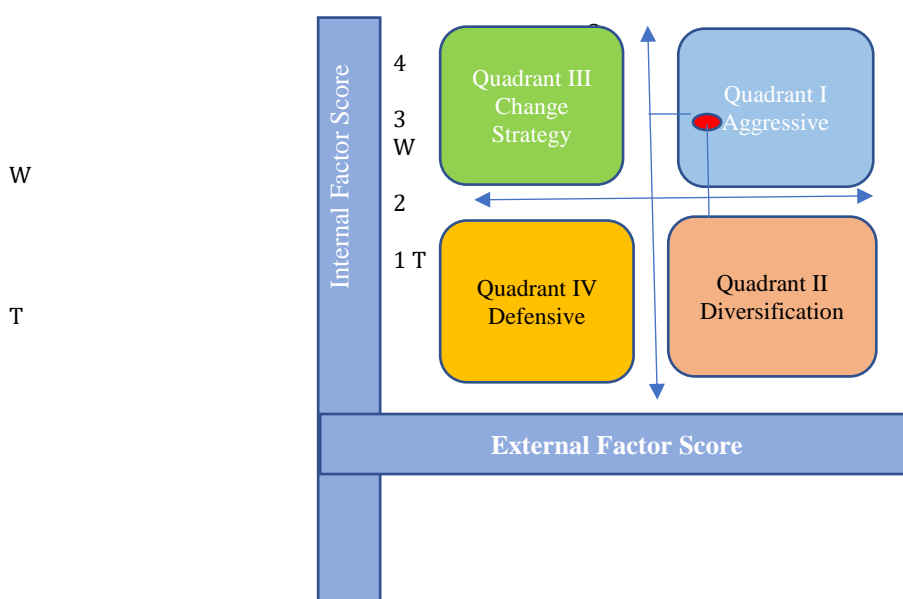


Figure 1. SWOT diagram

(Source: processed data 2021)

Based on the SWOT diagram in Figure 1, it is known that Jamune Buk Woels SMEs are in quadrant I, which means Jamune Buk Woels SMEs are in a very profitable condition so they must continue to increase their business growth for maximum progress. With the strength possessed by Jamune Buk Woels SMEs, they can seize opportunities and overcome threats that affect businesses. After knowing the position of Jamune Buk Woels UMKM which is in quadrant I of the SWOT diagram, the strategy that must be carried out by the Jamune Buk Woels UMKM manager is an aggressive strategy. A SWOT matrix analysis needs to be done to find out the steps that can be taken to implement this strategy, including the following:

Table 3
MatrixSWOT

ifas	<i>STRENGTHS (S)</i>	<i>WEAKNESS (W)</i>
EFAS	<ol style="list-style-type: none"> 1. The product has a variety of flavors that can be enjoyed warm or cold (S1) 2. Has collaborated with food delivery services such as Go Food (S2) 3. Attractive packaging because it lists the efficacy and also a clear composition (S3) 4. The cost of shipping services that tend to be cheap because they have scattered distribution channels (S4) 	<ol style="list-style-type: none"> 1. Processes and production costs that are still not efficient enough (W1) 2. Limited human resources that process the production process (W2) 3. Requires high skills in product processing (W3) 4. Limitations in packaging durability, especially brand labels are easily damaged when stored in the refrigerator (W4)
<p><i>OPPORTUNITIES (O)</i></p> <ol style="list-style-type: none"> 1. The product has the potential to prevent Covid 19 so it is of great interest during the pandemic (O1) 2. The product is favored by consumers because it has no residue (O2) 3. The product has a long-established marketing network (O3) 4. Products are marketed using the pre-order method to facilitate ordering and delivery (O4) 	<p>S – O . Strategy</p> <ol style="list-style-type: none"> 1. S1, S3 – O1;: improving the quality and quality of herbal medicine by using quality natural spices, then re-branding by optimizing digital marketing so that market share will expand 2. S1 – O2: establish cooperation and partnerships with MSME development agencies or institutions to obtain business capital in order to procure more modern equipment. 3. S4 – O3, S2 – O4 ; cooperate with shops, cooperatives, minimarkets or other business places in marketing herbal medicine 4. S3 – O3, create a business account through various social media to provide education on the efficacy of herbal medicine and market products through photos of herbal medicine that have been packaged in an attractive manner 	<p>W – O . Strategy</p> <ol style="list-style-type: none"> 1. W1-01, O2 establish partnerships or collaborations with spice farmer groups to ensure the availability of raw materials. 2. W2-02,O1,O3; empowering housewives around the production site to increase their income by assisting in the production and marketing of herbal medicine. 3. W3-02, O4; collaborating with government agencies, companies and universities to conduct skills training and increase knowledge related to the herbal medicine business 4. W4-02, O4; increase capital and cooperation or collaboration through financial institutions such as banks or other agencies for business development and the use of more modern tools to increase production so that income increases
<p><i>THREATS (T)</i></p> <ol style="list-style-type: none"> 1. The emergence of several new competitors of modern herbal medicine using the same concept (T1) 2. Uncertainty in raw material prices which tend to fluctuate (T2) 3. Some raw materials are rare and difficult to obtain (T3) 	<p>ST strategy</p> <ol style="list-style-type: none"> 1. S1-T1, T2, T3; create product innovations of herbal variants that are superior, unique and competitive by concocting a variety of selected spices that are easy to obtain but have high health benefits. 2. S2, S4- T4; provide special promos and discounts at certain events through the Gojek platform, such as free 	<p>W – T . Strategy</p> <ol style="list-style-type: none"> 1. W1-T2, T3; increase production to reduce production costs so that prices are more competitive and maintain the quality of herbs made from natural ingredients, free of preservatives, and dyes 2. W3-T4; using technology to increase the amount of production so as to reduce production costs and make

with government agencies, companies and universities to conduct skills training to increase knowledge of Human Resources related to herbal medicine business.

- d. WT strategy is a strategy that identifies weaknesses that can increase the risk of threats. In this strategy, the Jamune Buk Woels UMKM business can increase production to reduce production costs so that prices are more competitive and still maintain the quality of herbs made from natural ingredients, free of preservatives and dyes. Optimization in using technology can increase the amount of production so that it can reduce production costs which will have an impact on more competitive selling prices. Adding a variety of packaging sizes and making the packaging more attractive, such as the use of waterproof packaging labels so that they are convenient and easy to consume or carry, as well as increasing the use of contemporary slogans and motivational sentences on the packaging.

Based on the IFAS and EFAS matrix, it is known that the results of the weighting of the strategic factors obtained a total score of 1.65 strengths and a total score of 1.20 weaknesses so that the total number of internal factors is 2.85. Meanwhile, the total opportunity score is 1.33 and the threat score is 1.21 with the total number of external factors being 2.54. So that the Jamune Buk Woels MSME business position on the SWOT diagram is in quadrant I. Therefore, the strategy that must be carried out by the Jamune Buk Woels MSME business is an aggressive strategy, namely the SO strategy which has been analyzed through a SWOT matrix analysis.

4. Conclusion

Based on the results of the research conducted, the Jamune Buk Woels MSME business development strategy is to implement an aggressive strategy by cooperating and partnering with MSME development agencies or institutions, for example to help obtain business capital or provide grants for the procurement of more modern equipment. Another form of cooperation that can be done is by entrusting some of the production of traditional herbal medicine to shops, cooperatives, minimarkets or other places of business. Jamune Buk Woels needs to make efforts to improve the quality and quality of the product, then carry out rebranding so that the product can reach a wider community. In addition to rebranding, Jamune Buk Woels needs to optimize the use of technology to market products with digital marketing. The use of social media is a very reliable way to market products, because the prices are very affordable and can be easily accessed by the wider community. In order to reach the public through social media, it is necessary to create an attractive product catalog and better product packaging.

Recruiting housewives around the place of business to help carry out the production process by providing training with partners from universities and other partners can help improve the knowledge and skills of Human Resources. Another positive impact of the recruitment of housewives around the place of business is increasing opportunities for opening new jobs and reducing unemployment, increasing capital for transportation facilities and infrastructure activities.

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