

## MARKETING STRATEGIES FOR CREATIVE HANDICRAFTS FABRICATED FROM COCONUT WASTE BASED ON POTENTIAL MARKET TREND IN INDONESIA

*Dumasari Dumasari<sup>1</sup>, Pujiati Utami<sup>1</sup>, Imam Santosa<sup>2</sup>, Dinda Dewi Aisyah<sup>3</sup>*

<sup>1</sup>Faculty of Agriculture, Purwokerto Muhammadiyah University

<sup>2</sup>Faculty of Social and Political Sciences, Jenderal Soedirman University

<sup>3</sup>Graduate student in Agricultural Economics, Universitas Gadjah Mada

Corresponding Author: dumasarilumonga@indo.net.id

**Dumasari Dumasari<sup>1</sup>, Pujiati Utami<sup>1</sup>, Imam Santosa<sup>2</sup>, Dinda Dewi Aisyah<sup>3</sup> Marketing Strategies For Creative Handicrafts Fabricated from Coconut Waste Based On Potential Market Trend In Indonesia– Palarch's Journal Of Archaeology Of Egypt/Egyptology 17(7) Issn 1567-214x.**

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### ABSTRACT

The objective of this research was to develop a marketing strategy informed by potential market trends that can be applied by craftsmen who use coconut waste to fabricate creative handicrafts. This research located in Purbalingga Wetan, and Baturaden, Central Java, Indonesia. We applied an embedded case study method. Based on results, marketing strategies for creative handicrafts need to relate to societal considerations, include a range of information such as prices, market orientation, design and patterns reflecting potential market trends, and predicted consumer demand. They have to strengthen social capital and institutional performance. Any such marketing strategy should be sensitive to market variations, follow trends, flexible, adaptive, and innovative. Creative handicraft marketing strategies made from coconut waste material that is under market trends are very useful to be a reference for craftsmen in developing more profitable micro businesses.

### INTRODUCTION

To eradicate poverty among Craftsmen, we need to develop empowerment programs based on local resources. The concept of empowerment oriented toward improving the quality of rural life must be applied in a planned and systematic manner (Santosa and Priyono, 2012; Dumasari, et al., 2020). It is not sufficient for Craftsmen to be skilled only in manufacturing production technologies. It is more urgent that Craftsmen develop the ability to apply marketing strategies. Craftsmen who diversify their livelihoods by using coconut waste to make creative handicrafts are a community who would benefit from proficiency in marketing practices. Creative handicraft micro-businesses based on coconut waste, known as handicraft or cococraft, make a significant contribution to the reduction of poverty among Craftsmen (Pugersari, et al., 2013; Fengfan and Yue, 2017; Khan, et al., 2018; Dumasari, et al., 2019).

The development of creative micro-handicraft businesses processed from coconut waste has a unique strategic value because it has multiplier effect. The production

of creative handicrafts supports the empowerment of communities who have narrow land in rural and suburban areas and are at the same time pro on environmental conservation (Dumasari et al., 2020). The management of handicraft micro-businesses is intimately related to the need for craftsmen to apply their creativity to diversification and to the development of innovative products with added value and strong market potential.

The craftsmen who manage these types of businesses are vulnerable to problems related to product prices and markets. If they are not careful, they depend too much on intermediary traders to market their handicraft products. Craftsmen find it difficult to access price and market information. Craftsmen in Bangladesh experience the same problem, and do not receive fair payment for their products due to inappropriate marketing systems (Md Abdullah and Hossain, 2013). The dominant intermediary traders are reaping the main benefits of the Craftsmen's work.

#### **LITERATURE REVIEW**

Limited ranges of agricultural products encourage powerful intermediary traders to engage in price-fixing, which pressures consumers to pay more. Craftsmen are also bound to sell products to intermediaries at lower prices due to unsuitable marketing systems. Cooperation between craftsmen in producer organizations or local cooperative institutions can reduce the dominance of intermediary traders in the supply chains of agricultural products. Their joint function makes it easy for local Craftsmen to access fairer prices and markets. Fair prices and market information are enjoyed by both craftsmen and consumers.

Creative handicraft Craftsmen in Purbalingga, which is located in the Central Java Province of Indonesia, do not yet have a local cooperative institution to market products directly to consumers (Dumasari et al., 2017). Their weak bargaining position causes Craftsmen and artisans to suffer slow increases in income and profit (Courtois and Subervie, 2014). The economic movement driving handicraft micro-businesses has become sluggish. The slowness of progress in achieving economic efficiency for these businesses makes it easy for artisans to become entrenched in poverty (Oyekunle, 2019). The fragility of this economy is also due to the fact that the individual managers of these micro-businesses are unable to develop their own marketing strategies. Market access opportunities are limited because craftsmen are lack of the freedom to select potential market segments for their products. A series of marketing problems for agricultural products can be solved by increasing the ability of producers to develop promotional and marketing plans based on consumer tastes and market trends (Omari, et al., 2018). Another solution is also available, namely, modifying marketing strategies to ensure that they can respond to fluctuating market conditions.

The e-commerce is a rapidly developing marketing strategy for agricultural products (Ma, 2018). The utilization of internet with facilities has become the background for global economic and social development (Khizer 2017). The promotion of agricultural products, including handicrafts, was initiated quickly. A variety of social media technologies are rapidly evolving into channels for marketing agricultural products (Abishek, et al., 2016). Internet marketing strategies are indeed superior and innovative, but Craftsmen still have difficulty applying them routinely. Limitations in technology applications, access to internet signals, and low capital resources are some of the issues hindering creative handicraft craftsmen from developing internet-based marketing strategies.

In this study, an innovative marketing strategy was developed as an alternative for craftsmen to sell products that are increasingly competitive in the market. Some requirements of innovative marketing strategies that need to be addressed by craftsmen include maintaining product quality, adjusting production results to market conditions, effectively utilizing distribution channels, providing product branding, optimizing production, and shortening supply chains (Bouris, et al., 2006).

One potential marketing strategy for strengthening craftsmen' bargaining positions is the use of auctions. Therefore, it is necessary to study marketing strategies that are in line with potential market trends for creative handicrafts. The selected themes also have a significant role in supporting the empowerment of farming communities through the diversification of livelihoods in productive, creative, and innovative farms.

#### **MATERIALS AND METHODS**

The research was carried out in Purbalingga Wetan District, which is located in Purbalingga Regency, and Baturaden District in Banyumas Regency. Both of these districts are located in the province of Central Java, Indonesia. These locations were selected because they are centers of creative handicrafts processed from coconut waste. The Craftsmen originally worked on farms but, because the areas of Baturaden and Purbalingga Wetan are undergoing many conversion of agricultural land into non-agricultural land, they began developing livelihoods that do not depend on farm work.

We carried out an embedded case study with both a qualitative and quantitative approach (Creswell 1994). These studies enabled us to obtain information about the scope of the problem and develop potential marketing strategies that respond to fluctuating market trends. Marketing strategies were analyzed in terms of ethics and emics.

The study population consisted of craftsmen of coconut waste-based creative handicrafts who live permanently in Baturaden and Purbalingga Wetan. Respondents were selected from the population using purposive side techniques, and constituted our primary data sources regarding the conditions, strengths, and weaknesses of their work, as well as potential marketing strategies that can adapt to fluctuating market trends. Key informants were another important source of data, and they were selected using the snowballing sampling technique. Key informants include community leaders, local government officials, traders, and consumers of handicrafts. Secondary data were obtained from archives, documents and scientific articles from previous studies related to our research themes.

Primary and secondary data collected are then processed and analyzed according to the type of problem. Qualitative data were analyzed by Interactive Model (Miles and Huberman, 1991). Interactive analysis takes place in a continuous cycle starting from data collection, data reduction, data presentation to drawing conclusions and verification. Quantitative data analysis was performed using descriptive statistics namely percentage values, scoring, mean, frequency distribution and tabulation.

#### **RESULT AND DISCUSSION**

According to our participants in both Baturaden and Purbalingga Wetan, marketing is one of the most important methods for increasing revenue. Informants from both sites stated that, up to the present time, they have tried several strategies to market a variety of creative handicraft products fabricated from waste coconut materials. In general, the marketing strategies adopted can be classified into two groups: direct and indirect. The informants adopted direct marketing strategies by associating directly with consumers, without using intermediaries. When adopting this marketing strategy, the Craftsmen either communicate directly with their clients, or use information technology facilities such as mobile (short message services) and Internet (email) networks. The price of handicraft products is higher when direct marketing is used, rather than indirect marketing. In the case of the Purbalingga Wetan informants' experience of direct marketing strategies, they tended to be contacted or approached directly by consumers who needed their products to use as gifts or souvenirs for specific events.

Craftsmen have more bargaining power when using direct marketing strategies. The transactions always involve bargaining between consumers and producers, until a price is agreed upon mutually. If the volume of orders increases, then the craftsmen can reduce the prices of their wares. They will lower their prices while ensuring that

the transaction is still profitable. Cash is used for payments when direct marketing is used. Consumers of handicrafts in Purbalingga Wetan are interested not only in products from the local region but also those from Sumatera and Borneo. In these instances, they always receive large volumes of product orders, reaching the thousands, which means that the settlement process can take one or two months. The designs, patterns, and sizes of the ordered handicrafts tend to be uniform. Similar results were obtained from the Purbalingga Wetan informants from Baturaden, who also use both direct and indirect marketing strategies. In the case of direct marketing, they can be contacted or visited by consumers. Conversely, informants can be represented by members of their family or neighbors, who sell creative handicrafts around the local tourist attraction area. Opportunities for direct marketing are more limited in Baturaden because the only customers are tourist. The orders received by craftsmen in Baturaden are often for relatively small amounts of products, in the order of dozens of pieces of each design and pattern in a range of sizes. In Table 1, we present detailed information regarding the conditions under which direct marketing is carried out by the informants at both sites.

Table 1: Conditions affecting direct marketing strategies for handicrafts

Factor	Description	
	Baturaden	Purbalingga Wetan
Price fixing	Both parties (Craftsmen and consumers)	Both parties (Craftsmen and consumers)
Bargaining power	Strong	Strong
Bargaining process	Exist	Exist
Payment system	Direct	Direct
Volume orders	Dozens	Hundreds to thousands
Designs, motifs, and size	Diverse	Diverse
Attain regional marketing	Yogyakarta, West Java and Central Java	Central Java, West Java, Kalimantan (Borneo) and
Price level	Relatively cheap (50-100%)	Relatively expensive (50-100%)

In the case of the indirect marketing strategy, there are several types of intermediaries, such as retailers, traders, merchants, distributors, and Tiban market managers. Tiban market managers generally only require products at certain times, such as when they are organizing exhibitions, seminars, graduation ceremonies, or workshops. Craftsmen receive lower prices when their handicrafts are sold via indirect marketing strategies.

The role of middlemen in indirect marketing strategies is vital in setting the price level. Social relationships between traders and Craftsmen can last a relatively long time, which affects the patron-client relationship. Traders who act as patrons often first provide loans that act as cash advances. The volume of orders from patrons is always large, up to thousands of pieces of merchandise with a variety of designs and motifs. They are even willing to offer low prices for handicraft products that are still in the design phase. Payments can be made in cash, or in installments.

Retailers and market managers often purchase lower volumes of products than traders. However, they pay higher prices and tend to offer cash. When conducting transactions with these types of intermediaries, the informants in both Baturaden and Purbalingga Wetan said their bargaining power was stronger than when dealing with traders. However, retailers and Tiban market managers often demand higher quality products to ensure that they can easily be sold to consumers.

Business relationships between craftsmen, traders, and retailers are closer than with Tiban market managers. The informants in Baturaden stated that traders and retailers have helped them to develop their micro-businesses based on coconut waste processing for over three years. In fact, they also provided assistance when the participants were still a craftsman who just starting their enterprises. At that time, traders would offer support by booking semi-finished products. Traders and retailers

still provide this type of support when needed, which partly explains why they can demand lower prices. The results were different in Purbalingga Wetan, where traders only order creative handicraft products that are ready to be marketed or have been through the finishing stage. The conditions affecting indirect marketing are summarized in Table 2.

Table 2: Conditions affecting direct marketing strategies fo handicrafts

Factor	Description					
	Baturaden			Purbalingga Wetan		
	Traders	Retailers	Market Managers	Traders	Retailers	Market Managers
Price fixing	Tend to be unilateral	Both parties	Both parties	Tend to be unilateral	Both parties	Both parties
Bargaining power	Weak	Weak	Strong	Strong	Strong	Strong
Bargaining process	None	None	Yes	Yes	Yes	Yes
Payment system	No cash	No Cash	Cash	Cash	No Cash	Cash
Volume of orders	Hundreds to thousands	Dozens	Hundreds to thousands	Hundreds to thousands	Dozens	Hundreds to thousands
Designs, motifs and size of creative handicrafts	Uniform	Varies	Varies	Uniform	Varies	Varies
Attaining regional marketing	Yogyakarta, West Java and Central Java	Banyumas	Banyumas	Central Java, West Java, Sumatera and Kalimantan (Barneo)	Purbalingga and Purwokerto	Purbalingga and Purwokerto
Price level	Cheaper	More expensive	More expensive	More expensive	Expensive	More expensive

Both types of marketing strategy benefit informants in various ways as they develop their micro-enterprises. Some key benefits include easier access to price information, market information, knowledge of desirable product designs and motifs, volume forecasts, and data regarding market needs for creative handicrafts. Such information can be obtained either directly or indirectly, via family members/relatives or neighbors, fellow craftsmen, traders, retailers, Tiban market managers, and consumers.

There are disadvantages and advantages to both approaches. One disadvantage of both strategies is that they make it difficult for informants to sell a large number of creative handicraft products at good prices. The second weakness is that many marketing strategies slow down and complicate the process by which products are sold, so the opportunity to earn an income is delayed. These weaknesses are summarized in Table 3.

Table 3: Weaknesses of direct and indirect marketing strategies

	Weaknesses	Marketing Strategies	
		Direct	Indirect
Price	Cheaper		✓
	Fluctuating	✓	
	Unilateral		✓ (Traders)
Market Orientation	Uncertainties	✓	
	Lacking a guarantee	✓	
	Unreachable	✓	
Market Services	Not satisfactory		✓
	Order completion times inaccurate		✓
	Product quality of handicraft lower		✓

Various advantages of both marketing strategies to motivate informants to develop enterprise micro creative souvenirs from coconut waste. With some of the advantages that exist, informants try to maintain both a marketing strategy. In Table 4 are listed some of the advantages of marketing strategy.

Table 4: Some of aadvantages mmarketing sstrategies ddirect and iindirect

	Weaknesses	Marketing Strategies	
		Direct	Indirect
Price	Cheaper	✓	

	Fluctuating Unilateral	√	√
			(Retailer and Tibetan Market Managers)
Market	Uncertainties	√	√
Orientati on	The lack guarantee Unreachable	√	√
Services	Not satisfactory	√	√
Market	In accuracy time order completion	√	√
	Product quality souvenir less	√	√

In connection with both marketing strategies, informants have tried to adapt the type of handicraft creative with the market trend. There are several determinants. Social facts on direct and indirect marketing of creative handicraft products, the dominant supporting factors are product compatibility in terms of market trends and consumer demand as well as cooperative networks of craftsmen and market players, especially collectors. Some of the factors supported it. The adequacy of technology applications does not serve as a dominant supporting factor. Craftsmen need more technology for on-farm activities. Meanwhile, the carrying capacity of technology in heating activities is relatively small. Some supporter factors can be observed in Figure 1.

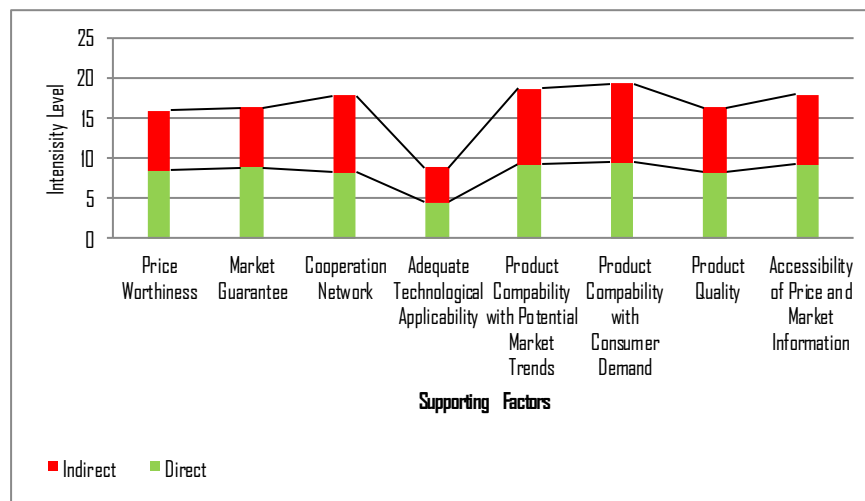


Figure 1: Variety of supporting factors

Besides the discovered of several determinants that support, there are also some other determining factors that inhibit the ability of informants have the power to customize the design and motif products to market trends. The dominant inhibiting factors in direct marketing of creative handicrafts are market channels, promotion, and dependence on collectors, respectively. As for indirect marketing, the most dominant inhibiting factor is dependence on collectors, marketing, and promotion channels which are still rare. As for the marketing of creative handicrafts, this directly and indirectly has never been obstructed by the sales factor using the auction system. Several inhibiting factors are shown in Figure 2.

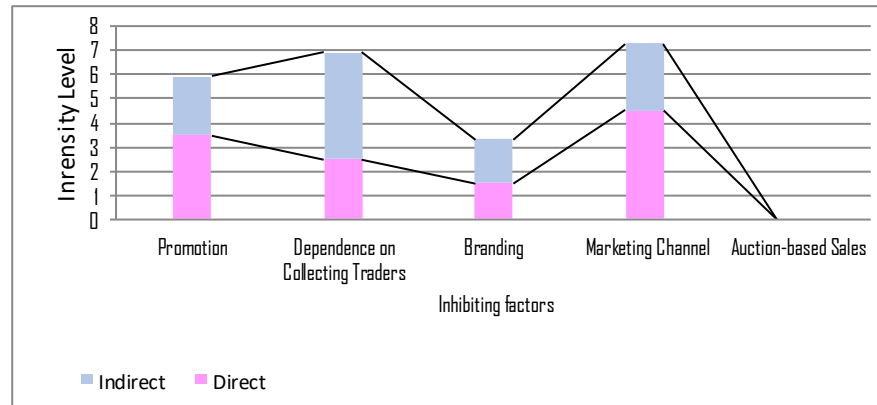


Figure 2: Variety of inhibiting factors

The marketing strategy of creative handicrafts is, directly and indirectly, complementary in micro-businesses managed by Craftsmen. However, a marketing strategy still requires management that is tailored to the size of the business (Matušinská and Stoklasa, 2019). Management function is important for marketing strategy including creative micro handicraft business. With management, Craftsmen are flexible in adjusting their decisions and actions when faced with a variety of very flexible market changes. Craftsmen who have used management for creative handicraft marketing strategies are easier to adjust the pressure of supporting factors and obstacles to smooth sales in an innovative way. Management in marketing strategy includes an important element in building a culture and creative entrepreneurship with various innovations that are beneficial for micro and small businesses (Fontainha and Lazzaro, 2019).

Regardless of whether direct or indirect marketing strategies are adopted, the informants from both Baturaden and Purbalingga Wetan need to improve certain aspects of their businesses, such as general business conduct, social capital, social and economic institutional strengthening, economic considerations, promotional techniques, information management, and adapting products to market trends. In Figure 3, we present a flow diagram of a potential marketing strategy to support the development of micro-enterprises based on creative handicrafts made from coconut waste in Baturaden and Purbalingga Wetan.

The right strategic management of handicraft marketing in order to make a major contribution to the achievement of productivity in respondents. Strategic management mechanisms that fit the conditions, problems, and needs of the Craftsmen have been arranged in an adaptive pattern. The pattern was designed in a participatory manner with several innovator Craftsmen. The formulation of the pattern is a guideline for the realization of the empowerment of Craftsmen respondents in marketing the product. A competitive marketing system needs to combine promotion with a number of sales techniques with a combination of quality products (Bouris, et al., 2006; Uematsu and Mishra, 2011; Courtois and Subervie, 2014; Dumasari, et al., 2019).

The orientation of empowerment based on local resources so that Craftsmen are more independent in product marketing (Rashid, et al., 2016; Dumasari, et al., 2020). The pattern contains a mindset for the craftsmen in determining some marketing techniques both directly and indirectly. The utilization of online marketing techniques also includes facilities that are taken into account in design patterns. The ability of craftsmen to use appropriate management strategies according to their abilities certainly increases productivity and creativity in producing handicraft from coconut waste.

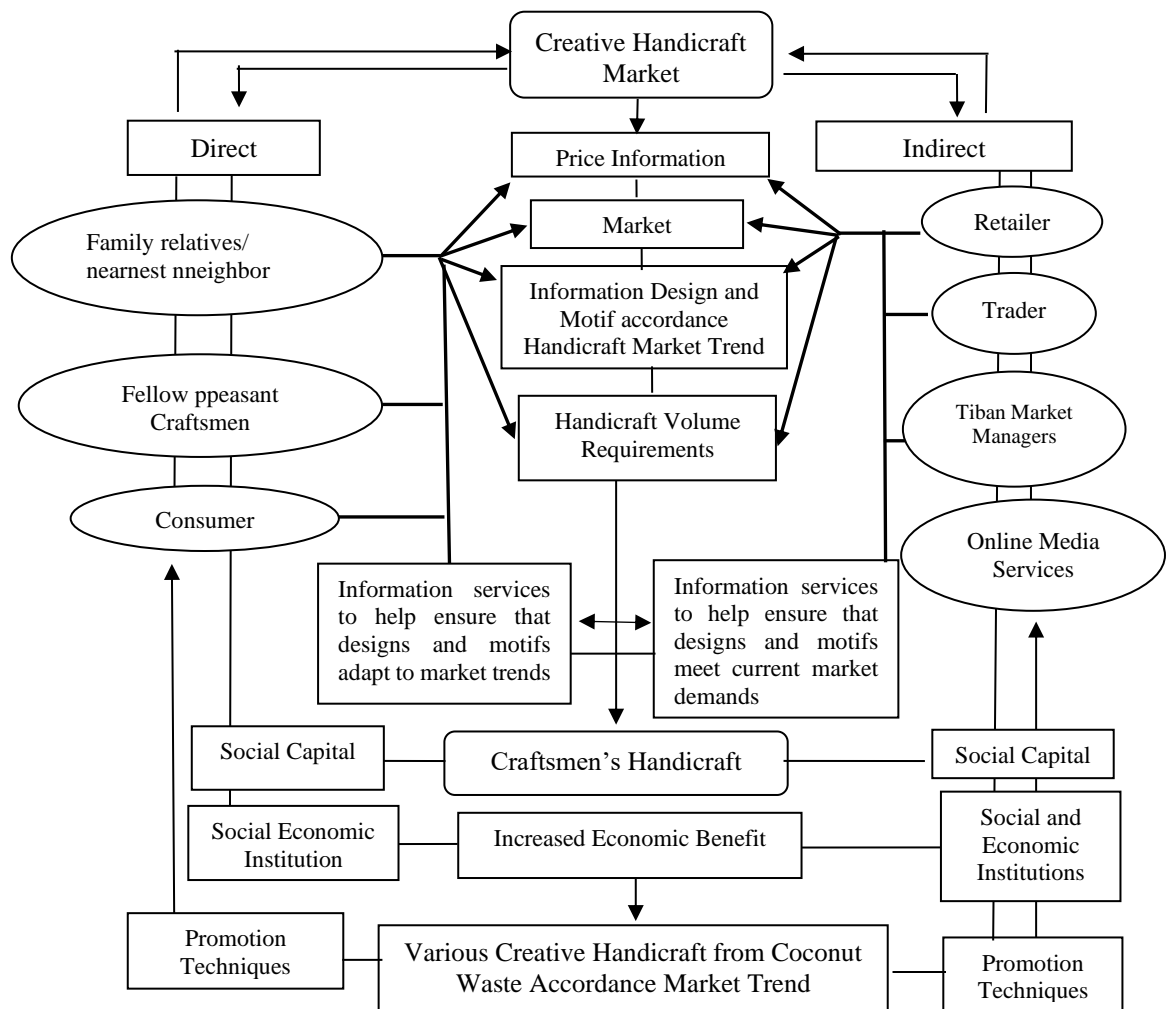


Figure 3: Proposed marketing strategy

## CONCLUSION AND RECOMENDATION

We developed our proposed marketing strategy for creative handicrafts in consultation with our informants. During the formulation of this strategy, we considered several key factors, both within the business and external to it. Craftsmen currently use both direct and indirect marketing strategies. The profits gained by selling creative handicrafts are calculated to ensure that workers can maintain their business. Indirect and direct marketing strategies can be modified in such a way that they are complementary, with each addressing the weaknesses of the other.

The formulation of marketing strategies should not be based exclusively on economic considerations. Such strategies need to be appropriate to their social contexts and take a range of data into account, including prices, market orientation, designs and patterns that meet market demands and predicted volumes required by consumers. Businesses should work to strengthen their social capital while supporting their socio-economic development. Marketing strategies must incorporate ways of adapting to market trends. Therefore, Craftsmen need to be sensitive to changes in market trends and become flexible, adaptive, and innovative.

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