

Marketing Metrics Based Performance for SMEs Business Strategy in Indonesia

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Abstract

The SMEs engaged in marine fish processing industry in Muara Angke, Jakarta have the potential to be better developed, considering that most of the entrepreneurs are young, experienced and well educated although most enterprises are not yet in the form of legal entities. This study aims to determine the level of performance achievement based on marketing metrics and business development strategy model as well as recommendations for SMEs in marine fish processing in Muara Angke, Jakarta. The study used 40 SMEs entrepreneurs involved in marine fish processing as random respondents. Data were analyzed based on SWOT and EFE-IFE analysis. The results of the study indicate that the marketing metrics-based performance achievement level of the enterprises is moderate. The model of enterprise development strategy of this business is W - O strategy, that is, the SMEs entrepreneurs first minimize the weaknesses in order to take advantage of opportunities. So the recommendation of strategy is to carry out a directed and more vigorous campaign by organizing, following, or sponsoring various events, promotion through printed media, and social networking media, and adding sales network.

Keywords: SMEs business strategy, Marketing metrics-based performance; SWOT analysis; Indonesia.



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1. Introduction

The company's strategy is always directed to produce good marketing performance, through collaboration with all organizational units to achieve long-term activities of an organization (Dijana, 2012; Prakash, 2014). Especially for SMEs business strategies through integrated model see (Appiah *et al.*, 2018). The achievement measure gained from marketing process activities is marketing performance. Marketing performance can also be viewed as a concept used to measure the extent to which market achievement has been achieved by a product produced by the company Barnes *et al.* (1998), Ujang *et al.* (2011), Mahabubur Rahman *et al.* (2017). Marketing metrics-based performance is a tool measurement that helps companies compute, compare, and interpret marketing performance (Li Ling, 2011; Patrick and John, 2004; Paul *et al.*, 2008). Marketing metrics are used to design marketing programs that can decide on financial allocations (Broekemier *et al.*, 2015). When the marketing personnel can estimate the financial contribution generated by marketing activities, they are better able to justify the value of marketing investment (Tjiptono and Gregorius, 2012).

A good marketing performance can be obtained through the development of business strategy (Berthon *et al.*, 2012). Implementing a business development strategy begins with an overall analysis of the company's situation (María del *et al.*, 2018). According to Freddy (2016), the tools used to develop business development strategies are SWOT, EFE and IFE matrices. Based on this analysis a strategy recommendation expected to improve marketing performance will be obtained.

Based on the above discussion, it is very important that the study with the title of Business Development Strategy of SMEs in Indonesia for Improved Performance Based on Marketing Metrics with the following objectives: analyze the level of performance achievement based on SMEs marketing metrics, and design business development strategies and recommendations.

2. Literature Review

According to Tjiptono and Gregorius (2012), the most comprehensive documentation of marketing metrics is the Farris version, *et al.*, which has 9 components reflecting performance based on marketing metrics: Share of hearts, minds and markets, margins or profits, product management and portfolio, profitability, sales force management and distribution channels, pricing strategies, promotions, advertising and web media, and finance.

SMEs should have a business development plan Jusoh and Parnell (2008). Planning as a process of activity is important in the design of marketing strategies and programs (Nur Afrillita, 2013; Singh *et al.*, 2005; Tjiptono and

Gregorius, 2012). According to Fajar (2017), the main steps in business development planning, namely to analyze the situation in the form of SWOT analysis; set goals/objectives; formulate strategies and programs; and coordinate and control. The main purpose of strategic planning is for companies to view objectively the internal and external conditions, so that companies can anticipate the external environment. Strategic planning is important to gain competitive advantage.

Internal factor evaluation (IFE) affects strengths and weaknesses, while external factors (EFE) influence the formation of opportunities and threats (O and T) (Erhard, 2005; Freddy, 2016; Mohammad *et al.*, 2010). The internal factors concern the conditions that occur within the company, which affect the formation of company's decision making. External factors concern the conditions that occur outside the company that affect company's decision-making. According to Purwono *et al.* (2015), internal factors include marketing, finance/accounting, production/operation, etc. External factors include economic strength, social, cultural, demographic and environmental strength, political power of government and law, technological forces, and competition forces. Internal factors can be controlled by the company but external factors cannot be controlled (Dijana, 2012).

3. Methodology of Study

This study is applied product study because performance measurement is based on marketing metrics for SMEs and strategy formulation to improve the performance. Respondents of the study are 40 randomly selected SME units of Marine Fish Processing located in Muara Angke, Jakarta. The data used are quantitative data (SMEs survey) and qualitative data (interviews of officials and SME officials).

The measuring tool in this study is a questionnaire consisting of closed-ended statements with alternative answers using a Likert scale, i.e. value 1 (disagree), 2 (neither agree nor disagree/neutral), and 3 (agree). The value level of the variables observed in this study is based on the calculation (highest value - lowest value)/highest value i.e. $(3 - 1)/2 = 0,67$, so the value level of the variable is: $1.00 - 1.67 = \text{low / not good}$; $1.68 - 2.34 = \text{medium}$; $2.35 - 3.00 = \text{high / good}$.

SWOT analysis is the most renowned tool for audit and analysis of the overall strategic position of the business and its environment (Ifediora *et al.*, 2014). SWOT analysis method has been widely used as a tool planning and analyzing strategic actions over the past decade (Arslan *et al.*, 2013; Erhard, 2005; Gomatesh and Poornima, 2012). According to Freddy (2015), there are 4 alternative business development strategies based on SWOT analysis, namely: S – O Strategy, a strategy for a very favorable company condition, by optimizing all the strengths, the effort to make the most of opportunities; S – T Strategy is a strategy for conditions that have power but face various threats. This strategy is made by using the power the company has to deal with threats; W – O Strategy is a strategy for conditions that have good opportunities, but constrained by internal weakness. The right strategy is to minimize internal problems, so as to better seize external opportunities; W – T Strategy is a strategy for very unfavorable conditions. This strategy is based on defensive activities and seeks to minimize existing weaknesses and avoid threats.

The strategy recommendations that can be implemented based on SWOT conditions Nur Afrillita (2013), Kalpande (2010). Recommendations for S–O strategy include maintaining and improving product quality as well as after-sales service, developing middle to lower market, and conducting exhibition activities; W –O strategies include targeted promotion, more vigorous promotion by holding, following, or sponsoring events, promoting through printed media, and social networking media, and adding to the sales network; S – T strategies include developing competitiveness and enhancing good relationships with customers; W – T strategies include expanding the promotion area to expand the sales network, increasing sales variations that are trend in the community, and providing price discounts for loyal consumers.

4. Results and Discussion

Characteristics of respondents are as follows: most respondents are male, most entrepreneurs are owners of SMEs, labor force age groups, even young, and high school educated. The processing product of marine fish is still in the form of food, namely salted fish (35%), otak -otak (27.5%), fish restaurant (25%), and smoked fish (12.5%). Most marine fish processing business is not yet incorporated, only 1 business is in the form of UD legal entity. Most entrepreneurs in marine fish processing industry in Muara Angke have been in business for more than 10 years. Meanwhile, the number of employees on each SME is about 1-2 people.

Based on Table_1, it can be said that the performance level based on the SME marketing metrics is moderate. There are 9 components, 5 components of which have a moderate level of margin or profit, sales force management and distribution channels, promotion, advertising and web media, and finance. The remaining 4 components have a good level of share of hearts, minds, and markets, production management and portfolio, customer profitability, and pricing strategies.

Table-1. Marketing Performance Based on Marketing Metrics

No.	Statement	Index	Level
1.	Share of hearts, minds, and markets	2.397	Good
2.	Margins or profits	2.246	Moderate
3.	Production management and portfolio	2.786	Good
4.	Customer profitability	2.700	Good
5.	Sales force management and distribution channels	2.339	Moderate
6.	Pricing strategy	2.500	Good
7.	Promotion	1.805	Moderate
8.	Advertising and web media	1.708	Moderate
9.	Finance	2.161	Moderate
	Total	2.294	Moderate

Source: the results of data processing

The strength of this business includes the ratio of total profit compared to production cost is higher than last year (S1), the products have a variety of flavors (S2), the products have variation of packaging and size (S3), healthy products for consumers (S4), there is good planning for production and inventory (S5), there are adequate machines/equipment (S6), there is a working step for consistency of production (S7), there is adequate production and storage (S8), data administration both for production and supply (S9) (S10), there is an attempt to attract and retain customers (S12), currently, the number of employees is adequate (S13), wage/salary according to regional minimum wage (S14), there are bonuses/commissions for employee and agents (S15), it is easy for the consumers to reach place of sale of product (S16), there is facility of ease of transaction (S17), existence of product price difference from this business with competitors (S18), existence of price variation from products offered to consumers (S19), the method of determining the selling price of the products (S20), the recording of every business activity transactions on a timely basis (S21), the existence of documents on business activity recording (S22), the income and expenditure planning (S23), and the owners always check this business finances (S24). The weaknesses of this business include that the ratio of profit to the price per unit is not higher than last year, (W1), the ratio of profit to selling price for agents is not higher than last year (W2), the ratio of total profit to total sales from last year (W3), the ratio of the number of products to be sold is divided by the number of manufactured products that will achieve a return on investment is no better than last year, (W4), the period required to refund the product cost is not better than last year (W5), the workday of the employee is not 5 days per week with 8 hours per day (W6), no employee health insurance (W7), no rewards for employees and good working agents (W8), no development of employees and agents to support product sales (W9), no price list of products (W10), no promotional budget (W11), promotional activities are not conducted regularly (W12), no special promo offer (W13), no registered trademarks (W14), advertising media and web is ineffective (W15), there is no separation of property between owner and business (W16), has never participated in training to make financial statements (W17), and does not always use bank facilities for business activities (W18). See [Table 2](#).

Table-2. IFE Analysis, Strength

No.	Statement	Weight	Rating	B x R
	Strength:			
1.	The ratio of total profits to production costs is higher than last year	0.016	3	0.048
2.	The product has a variety of flavors	0.031	3	0.093
3.	The product has variations of packaging and size	0.026	3	0.078
4.	Healthy products for consumers	0.032	3	0.096
5.	There is planning for both production and inventory	0.031	3	0.093
6.	There are adequate machines/equipment	0.022	3	0.066
7.	There is a working step for consistency of production	0.032	3	0.096
8.	There is adequate production and storage space	0.030	3	0.090
9.	Data administration for both production and inventory	0.030	3	0.090
10.	Seeking information about competitors' products	0.018	3	0.054
11.	There is data administration about the customers	0.023	3	0.069
12.	There is an effort to attract and retain customers	0.029	3	0.087
13.	Currently, the number of employees is adequate	0.022	3	0.066
14.	Wages/salary according to regional minimum wage (UMR)	0.022	3	0.066
15.	There are bonuses/commissions for employees and agents	0.023	3	0.069
16.	It is easy for the consumers to reach place of sale of product	0.030	3	0.090
17.	There are facilities for easy transactions	0.029	3	0.087
18.	There is a difference between the price of the product of this business with competitors	0.018	3	0.054
19.	There are variations in the price of products offered to consumers	0.030	3	0.090
20.	There is a method of determining the selling price of the products	0.022	3	0.066
21.	The recording of every business activity transaction in a timely manner	0.021	3	0.063
22.	There are documents on the recording of business activities	0.020	3	0.060
23.	There is income planning and financial expenditure	0.016	3	0.048
24.	The owners always check the finances of this business	0.025	3	0.075

	Sub Total	0.598		1.794
	Weakness:			
1.	The profit ratio to the price per unit is not higher than last year	0.018	2	0.036
2.	The profit ratio to the selling price for agents is not higher than last year	0.022	2	0.044
3.	The ratio of total profits to total sales is not higher than last year	0.020	2	0.040
4.	The ratio of the number of products to be sold is divided by the number of manufactured products that will achieve a return on investment condition is not better than last year	0.022	2	0.044
5.	The period required to refund the product cost is not faster than last year	0.017	2	0.034
6.	Employees' weekdays are not 5 days per week with 8 hours per day	0.022	2	0.044
7.	There is no employee health insurance	0.025	2	0.050
8.	There are no rewards for employees and agents who work well	0.027	2	0.054
9.	There is no employee and agent development to support the achievement of product sales	0.017	2	0.034
10.	There is no price list of products	0.018	2	0.036
11.	There is no promotional budget	0.022	2	0.044
12.	Promotional activities are not conducted regularly	0.020	2	0.040
13.	There is no promotional offer	0.026	3	0.052
14.	There are no registered trademarks	0.027	3	0.054
15.	Advertising and web media are not effective	0.025	2	0.050
16.	There is no separation of property between owner and business	0.025	2	0.050
17.	Never participates in financial report preparation training	0.024	2	0.048
18.	Not always using bank facilities for business activities	0.025	3	0.050
	Sub Total	0.402		0.804
	IFE	1.000		2.598

Source: the results of data processing

Opportunities owned by marine fish processing SMEs include the ratio of buyers who come to the business with the number of visitors to this region higher than last year (O1), the ratio of product sales from this business with the sales of competitor products is higher than last year (O2), the ratio of buyers of these business products to the buyers of competitors' products is higher than last year (O3), the ratio of buyers of these business products to the population around this business area is higher than last year (O4), the level of customer satisfaction increased from year to year (O5), products with quality raw materials (O6), suppliers with appropriate raw materials (O7), sufficient number of customers (O8), active buyers of products (O9), and the level of product demand responsiveness to price changes are large (O10). See Table 3. Meanwhile, the threats of marine fish processing SMEs cover the ratio of sales of business products with sales of products in this region higher than last year (T1), the ratio of buyers of these business products to the population of Jakarta is higher than last year (T2), the ratio of buyers of this business product to the population of Jakarta is higher than last year (T3), the level of responsiveness of product demand to promotional activities is great (T4), the demand responsiveness to advertising and the web is large (T5), and the level of customer responsiveness to advertisement and web is great (T6). See Table 3.

Table-3. EFE Analysis

No	Statement	Weight	Rating	B x R
	Opportunity			
1.	The ratio of buyers who come to businesses to the number of visitors to this region is higher than last year	0.058	3	0.174
2.	The ratio of product sales from this business to the sales of competitors' products is higher than last year	0.045	3	0.135
3.	The ratio of buyers of these business products to competitors' product buyers is higher than last year	0.042	3	0.126
4.	The ratio of buyers of this business product to the total population around this business area is higher than last year	0.047	3	0.141
5.	The level of customer satisfaction increases from year to year	0.073	3	0.219
6.	Products with quality raw materials	0.090	3	0.270
7.	Suppliers with suitable raw materials	0.080	3	0.240
8.	Number of customers is adequate	0.066	3	0.198
9.	The customers actively buy the products	0.080	3	0.240
10.	The level of product demand responsiveness to the price changes is great	0.052	3	0.156
	Total	0.633		1.899
	Obstacles			
1.	The ratio of sales of business products with product sales in this region is higher than last year	0.038	2	0.076
2.	The ratio of buyers of this business product to the population of Jakarta is higher than last year	0.050	2	0.100
3.	The ratio of buyers of this business product to the population	0.052	2	0.104

	of Jakarta is higher than last year			
4.	The level of product demand responsiveness to the promotional activity is great	0.071	2	0.142
5.	The level of demand responsiveness to the advertisement and web is great	0.085	3	0.255
6.	The level of customers' responsiveness to the advertisement and web is great	0.071	2	0.142
	Total	0.367		0.819
	EFE	1.000		2.718

Source: the results of data processing

Based on the IFE analysis (Tables 2), it is found that the value of IFE = 2.598 consisting of a strength value of 1.794 and a weakness value of 0.804. The weakness value is greater than the strength value. Based on the EFE analysis (Table 3), it was found that the value of EFE = 2.718 consisted of an opportunity value of 1.899 and obstacle value of 0.819. Opportunity value is greater than obstacle value. The EFE value is greater than the IFE value. This means that SMEs are more concerned about facing external problems than to strengthen internal business problems. The weakness value is greater than the strength value. That is, these SMEs have more weaknesses than the strengths. Meanwhile, the opportunity value is greater than the obstacle value. This means that the marine processing business is more likely to have opportunities than facing obstacles. So the strategy design of marketing performance improvement of marine processing SMEs of marine fish in Muara Angke is W – O strategy. This means that the business should first minimize the weaknesses to be able to take advantage of opportunities. Therefore, the strategy recommendation for this business is directed promotion, more vigorous promotion by organizing, following, or sponsoring various events, promotion through printed media, and social networking media, and adding sales network.

5. Conclusions and Recommendations

SMEs engaged in marine fish processing in Muara Angke, Jakarta need to be better developed considering the characteristics of the entrepreneurs that can support business development and the performance achievement level based on marketing metrics is still moderate. But the SMEs have W-O conditions, more weaknesses than strengths, and have more opportunities than obstacles. So the right strategy for those SMEs is to maintain even improve the quality of products and business transaction services, development of middle to lower market, and actively organize or participate in exhibition activities (SahooSaumyaranjan et al., 2017).

The government, communities, and other parties need to protect and maintain the marine condition from pollution so that sea products can support the welfare of communities around the sea and other communities. In addition, the government, communities and other stakeholders need to facilitate SMEs to improve their business management skills through training such as technology, packaging and negotiating skills so that SMEs are better able to manage their business.

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