



## Marketing Strategy Analysis on the Competitive Advantage of Culinary MSMEs in Makassar City

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### Abstract

This article analyzes the marketing strategies of culinary Small and Medium Enterprises (SMEs) in Makassar City to maintain a competitive advantage. This study aims to understand effective marketing strategies for increasing the competitiveness of culinary SMEs in the local market. The research method used is qualitative with data collection techniques with data-based mass media, ebooks, journals, and online news portals. The analysis shows that effective marketing strategies include using social media, superior product quality, product differentiation, local promotion, and partnerships with local suppliers. In the face of intense competition, culinary SMEs need to consider these factors to remain the main choice of consumers. This article provides insights and recommendations for other culinary SMEs who want to increase their competitive advantage in Makassar City.

## INTRODUCTION

Small and medium enterprises (MSMEs) are an important part of the economy of a country or region, including Indonesia (Setiawardani, 2022). The development of the small and medium enterprises (MSMEs) sector has given unique importance to efforts to boost economic growth and reduce poverty in the country. The growth and development of the MSME sector is often said to be one of the indicators of development success, especially in countries with low per capita income (Naninsih, 2022).

The existence of MSMEs is unquestionable, because it has proven to be the driving force and economic continuity in the last few decades of economic crisis. SMEs are an important industry that acts as a buffer to overcome unemployment and create jobs. More than 97% of Indonesian workers operate in the MSME sector. Koperasi dan Kementerian UMKM (2021) shows that the contribution of MSMEs to GDP will reach 61.07 percent in 2021. As a pillar of the economy, MSMEs must be empowered to ensure higher quality economic growth and have the opportunity to be a solution to economic inequality. (Ulfah, 2021; Lestari et al., 2019).

The huge role of MSMEs explains that MSMEs still need to be improved. MSMEs are viable and competitive if they can implement good management. Management sometimes includes marketing, production, human resources (HR), and finance (Afiah et al., 2022). Strategic analysis includes strategic triangles: customers, competitors, and companies (Noche & Elhasia, 2013). Most companies/business units, including small and medium enterprises, only produce and operate focusing on making products (Sutrisno et al., 2022). Companies also need to pay attention to business strategies to maintain the development and competitiveness of existing companies (Ramadani & Syariati, 2020).

According to Abbas (2018), MSME performance can also be seen from the success of sales by identifying consumer needs and desires through customer value creation and customer satisfaction. To achieve this goal, companies need to develop a marketing strategy with "market oriented" to reach

the increasingly global market of imported products(Wang et al., 2004). In general, MSMEs also do not have knowledge about the latest production technology and product quality control(Sharma et al., 2019). Market demand cannot be observed because it cannot read market demand.

In competition between companies, the benefits of the company determine the success of the company(Haseeb et al., 2019). Companies usually implement this competitive strategy explicitly through their activities in various functional areas of the company. The initial idea of creating a competitive strategy is to come up with a general formula for how the company should implement it, what its goals are, as well as the policies needed to achieve those goals. Basically, every company has a method of competing to face its competitors. The choice of competitive strategy is based on the competitive advantage that the company can do, as well as how the company competes in the industry is a choice of the method of competing itself.

To gain a competitive advantage, an entrepreneur or economic operator needs to be aware of some basic factors to gain a competitive advantage(Wijaya & Suasih, 2020). According to Kotler & Philip (2005), Competitive advantage is achieved over competitors by offering more customer value, lower prices, or by offering more advantages in response to higher prices. Competitive advantage can also be interpreted as the center of a company's performance in a highly competitive market. But since decades of expansion and great prosperity, many companies have lost their competitive advantage in making further development in gaining diversification. Competitive advantage is expected to generate planned profits, increase market share, increase customer satisfaction, maintain business continuity. Based on some of the above understandings, it can be concluded that competitive advantage is the core of a company that can distinguish itself in industrial competition.

Makassar City is one of the cities that achieved economic growth driven by the MSME sector. According to data from the Makassar City Cooperative and MSME Office, MSME workers to date are around 16,492 actors, and they are in various sectors. Because previously, especially in Makassar City hit by the Covid-19 virus in early 2020, the MSME sector was constrained by its development, which resulted in 36.7% of MSMEs no sales and 26.6% of sales fell during the pandemic. Cooperative and MSME Services Makassar City 2018 - Currently, there are 449 business units spread across the city of Makassar, of which 279 are culinary MSME companies. Meanwhile, based on data on the digital platform of the culinary sector, currently the city of Makassar has reached more than 1,000 active culinary MSMEs and has seen very rapid development due to the Covid-19 outbreak.

Companies need to increase customer effectiveness and value. The best answer to protecting the market is continuous innovation (Ulfah, 2021). The company continuously strives to improve the competitiveness and value of the company from the perspective of consumers as stated. Marketing requires serious attention from MSMEs. This needs to be really mature so that the chosen marketing strategy can claim a competitive advantage in the market, especially in determining marketing strategies(Arbawa & Wardoyo, 2018).

Especially in today's very tight competitive environment, the ability to gain market share has an impact on the survival of MSMEs themselves. This situation is no exception for MSMEs in Makassar. To become a leader in it, you need to develop an objective marketing strategy as a top priority to combat competition and develop the market. With this background, it is important to analyze marketing strategies on competitive advantages by raising the title "Marketing Strategy Analysis on the Competitive Advantages of Culinary SMEs in Makassar City" because it can be concluded that good management and marketing strategies will increase competitiveness in the market so that they include advantages that can build competitive productivity(Siswati & Alfiansyah, 2020).

Although the MSME sector has an important role in economic growth and poverty reduction, there are still obstacles that hinder the development of MSMEs, such as lack of good management in the fields of marketing, production, human resources, and finance. MSMEs also need to improve their understanding of the latest production technology and product quality control. In addition, competitive advantages that can create planned profits, increase market share, and maintain business continuity need to be improved. This research aims to increase understanding of effective marketing strategies for culinary MSMEs, focusing on competitive advantage. Thus, this research is expected to provide useful insights and recommendations for culinary MSMEs in Makassar City in increasing their competitiveness in the market.

## **METHODS**

This study uses qualitative analysis whose purpose is to understand facts related to behavior, reactions, and motivation (Smith & Kearney, 2016). Data sources for these surveys can search the Internet for news from ebooks, journals, and online news portals related to survey topics from a variety of different locations with ongoing surveys from a variety of sources. In this study, we used content analysis as a technique to test the data. Researchers go through the process of selecting, comparing, combining, and organizing large amounts of data to obtain meaningful data in this analysis.

## **RESULTS AND DISCUSSION**

### **A. Small and Medium Enterprises**

Microenterprises are categorized as marginal enterprises that feature relatively mediocre use of techniques, a small amount of capital and access to credit, and tend to be directed to local markets. For example, many studies in several countries show that micro-enterprises play an important role in economic development, absorbing workers through job creation, offering goods and services at low prices, and alleviating poverty. Micro-enterprises are also an important part of regional economic development efforts and have the potential to empower women in family negotiations.

Micro-enterprises, along with SMEs, can survive the impact of the economic crisis that has long hit Indonesia. Impact indicators include an increase in employment from pre-crisis to crisis, and the negative impact of the crisis on the growth of micro and SME numbers is smaller than the impact reported in the study. In addition, micro and SMEs have served as buffers and safety valves to support economic growth and provide alternative employment opportunities for affected regular sector workers. The main problem faced by micro-enterprises is the lack of value to develop their business. It is ironic that there are so many ways of empowerment in the method of capital support for micro-enterprises. The nature and governance of these micro-enterprises appear to be contributing to the asset shortage. It is difficult to achieve the goal of capital accumulation because the profits of micro-enterprises are often used to meet needs. Not even a few of the micro-enterprises.(Manaming et al., 2018).

Marketing is the second biggest problem for micro-enterprises. Bringing micro business products to a larger market involves conditions that are not generally understood by micro enterprises. for example, some micro-business stores must first obtain Ministry of Health approval in addition to meeting some quality requirements to introduce cakes to larger stores(Rahadhini & Lamidi, 2020). Due to the difficulty of marketing, many micro-businesses rely on intermediaries, which usually lowers their selling prices. Another problem is the dependence on micro-enterprises, which are highly dependent on seasonality and market demand, and these businesses are unstable and difficult to develop. For example, during the rainy season, ice cream sellers cannot sell their wares at all, or during school holidays, vendors who usually sell at school have to lose their markets(Lestari et al., 2019) .

Ideally, SMEs need a national role to be able to compete. But keep in mind that capacity here does not mean the ability to compete with large companies (industries), but the ability to forecast the business environment and predict surrounding conditions. According to Haeruman (2000:48), The challenges faced by the business world, precisely the development of small and medium enterprises, include various aspects: Improving the quality of human resources in terms of management, organizational and technical capabilities, Entrepreneurial ability, Wider access to capital, Transparent market information, Other production input factors, A healthy business environment that supports innovation, entrepreneurship and business practices, and healthy competition.

The problem faced by the government regarding developing strong entrepreneurs (SMEs) is the choice and definition of methods (programs) for two different circumstances(Liu et al., 2022). The requirement is to strengthen existing entrepreneurs or develop new, larger entrepreneurs. The development design (program) for both diseases must be specific. Development methods for existing entrepreneurs also cannot be done "simultaneously". I have mentioned the general conditions. Even for all entrepreneurs of the same type, all types of businesses have different problems. Finding the actual problems facing SMEs requires a thorough and detailed investigation.

## **B. Strategi Pemasaran dalam Meningkatkan Keunggulan Bersaing**

Marketing strategies are mainly used by business units to achieve pre-agreed objectives, including key decisions related to the target market, product placement in the market, marketing mix, as well as the level of marketing capital approach required. Marketing shares and develops linkages with consumers by carefully observing consumer needs and wants, developing products that meet consumer needs, offering them at fixed prices, and selling them at fixed prices. Facilitate the process of solving it. Market Location for related products. Therefore, there is a need for advertising and communication to raise consumer awareness and interest in the product. This method, which is said to be a marketing mix or marketing mix, consisting of products, prices, locations (distribution), or promotions, abbreviated as "4 Ps".

In today's business evolution, SMEs already have a very good understanding of technology, but usually little knowledge about business practices. For this reason, you need to evaluate tools that help you evaluate SMEs from a combined business and technology perspective (Zulkarnaen & Sutopo, 2013). There is a kind of model that helps companies understand how they use information and communication technology (ICT) and when their "methods" and "when" integrate elements of new technologies. The model can also be applied to market research to understand the emerging SME market related to ICT and to plan government strategies aimed at promoting ICT adoption in SMEs. The model is used as a ranking for 500 SMEs and as an innovative active learning tool for higher education (Syuhran, 2023).

SMEs have different characteristics due to the different nature of their work in different sectors, but those without business knowledge may not be able to benefit from the model proposed in the plan. Leading SMEs into the information society and making the best ICT investments in terms of economic returns through corporate profits is more of an art than an engineering skill (Rozak et al., 2022). Sure enough, as an artist, an ICT consultant needs to master color, but arguably the final drawing is the result of 90% technical skill and 10% inspiration, in addition to a deep understanding of the landscape (Narto & HM, 2020).

There are a few things to consider when developing a marketing strategy for a small business. It is: (Pattipeilohy, 2018)

1. Consistency  
By staying consistent in all aspects of marketing, you can reduce marketing costs as well as increase branding effectiveness.
2. Plan  
Planning a marketing concept implemented by a small business has a significant impact on the number of customers it acquires. Therefore, take the time to design marketing methods, marketing budgets, and other marketing methods.
3. Strategy  
Strategy is the basis for the continuation of the planned marketing process. Who is the target market, how SMEs approach customers, and how to retain existing customers as repeaters.
4. Target market  
Accurately determine your target market share by selecting one or more market segments to enter. A clear target market facilitates the application of marketing concepts.
5. Household  
Calculating a marketing budget is a difficult part and requires the accuracy of the calculation results. The funds needed for marketing can be provided from the budget created. Small businesses usually create inaccurate budgets and waste them.
6. Marketing Mix  
The marketing mix is usually described in terms of product, price, location, and promotion. As a small business owner, you can learn the details of the product (or service), the reasonable price, where and how to sell your product, and how others offer the product. You have to make a decision about what you can do.
7. Website  
Today, almost 60% of consumers get information from the Internet, so every company, including small businesses, tries to open a website. Therefore, product information through websites can be very helpful in increasing the number of customers interested in a product.

8. Brand

Branding is the way consumers receive their products and the companies that produce them. SMEs always forget the need for a brand and recognize the images, logos, even products they produce i.

9. Promotions and advertising

Promotion and advertising are marketing concepts that must be considered in various businesses and products, including small businesses. Good promotion and advertising leads to effective brand awareness and increased sales.

10. Customer Relationship Management

Proper customer relationship management is one of the most important things in creating loyal and consistent customers. For example, create a membership card and give special discounts to members.

## CONCLUSION

The development of SMEs is still very slow, so there is a need for an SME development strategy. Business development strategy is influenced by several things, including: capital, corporate governance and marketing strategy. In fact, especially from a marketing perspective, SMEs can use the Internet to further enhance their marketing. This is not so important to discuss before you figure out how you can improve your small business on the Internet. That is the strategy of SME development. This is important because without the right strategy, SMEs will find it difficult to develop, especially in terms of competitive advantage.

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