

MSME Batik Tulis Banyuripan in Klaten Recovering from COVID-19 through Repositioning Strategies

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Abstract

The covid-19 pandemic has been running for almost 2 (two) years and has had such a great impact on MSMEs. Batik Tulis Banyuripan was also affected and experienced a management crisis. In order to mitigate the risk, it is necessary to take immediate measures for recovery. The purpose of this study is to investigate how Marketing Recovery Strategies, through appropriate repositioning strategies, are able to increase sales and restore the batik business. The sample was the Banyuripan Batik Write Association in Central Java, Indonesia, which consists of batik producers typically of Klaten, Central Java. Data were collected using in-depth interviews and focus group discussions for data analysis technique using Triangulation. The results showed that the UMKM Batik Tulis Banyuripan performs recovery steps utilizing a marketing recovery strategy approach. The first step is a market analysis where the repositioning strategy is the result of the alignment of the changing needs of the external market and the internal capacity to respond to them. Secondly, Batik SMEs also carry out external and in-house environmental analyses. By analyzing both the external and internal environment, it will help Batik Tulis MSMEs better understand the market. Third, the Banyuripan Batik Tulis MSMEs are repositioning (repositioning strategies). The written batik also conducts an analysis of the external and internal environment that helps Batik Tulis MSMEs to better understand the market.

Keywords: *Repositioning Strategies, Recovery Marketing Strategies, Natural Color Batik. Marketing Strategy*



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INTRODUCTION

When the Covid 19 hit the world, it had many unfavorable impacts, especially for MSMEs. There are impacts, like the instability of the economy and the diminishing purchasing power of people. COVID-19 resulted in a 0.1 percent decline in the percentage of economic growth in Indonesia in 2020 (Nalini, 2021). In 2021, Bank Indonesia stated that as many as 87.5 percent of MSMEs were affected by the Covid-19, around 93.2 percent of which were negatively affected on the sales side (Sari, 2021). Apart from having an economic impact, another impact is the changes in the marketing campaign and customer behavior (Chauhan, 2020).

Previous studies have identified several causes for the decline in sales, such as declining demand for goods and services that have an impact on SMEs, which leads to reduced company liquidity (Febrantara, 2020 and OECD, 2020 in Suryani, 2021). A study conducted by the Regional Research, Development, and Innovation Agency of Buleleng Regency and LPPM of the Ganesa Singaraja University of Education in 2020 revealed that there were several impacts of the COVID-19 pandemic on MSMEs, such as 1) Sales. The average decline in MSME sales is 61%, 2) Operating profit. The average decrease in operating profit is 61%, 3) Capital. The number of MSMEs with capital challenges increased to 71.4%, 4) Number of Employees. In this aspect, MSMEs reduced the number of employees by 22%, and 5) The ability

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to pay bank installments. Almost all MSME (especially micro-enterprises) experienced problems in carrying out their obligations to banks. Even so, there are still MSMEs that are able to survive during the Covid 19 Pandemic. MSMEs are able to survive by selling online. The study indicates that MSMEs selling online have a higher capacity to survive than MSMEs selling only offline. Business people can adapt by developing marketing strategies through STP (Segmenting, Targeting, and Positioning) strategies to attract consumers (Rismawati, Wahyuni & Widodo, 2019).

Batik MSMEs are one of those MSMEs that cannot survive and are negatively impacted as their sales have declined. The decline in sales of Banyuripan batik because so far the visitor is tourists who pass through batik galleries and several resellers from several cities outside the city of Klaten., Central Java. This led to a limited number of visitors to Banyuripan's batik, not to mention traditional sales that do not use technology. The pandemic caused restrictions on mobility, and tourist attractions were closed so that no tourists came and bought batik. Banyuripan written batik used natural colors, so the price is high, so the target market is the upper-middle class. Based on the description above, this study decided Batik Tulis Banyuripan to be the location of the research.

MSME Batik, written in Banyuripan, is experiencing such a great crisis during this pandemic. This condition required serious attention. It needs immediate recovery during and after the crisis. There are multiple steps to crisis management and recovery of marketing and communication. Namely, (1) Clarification of clear definitions, concepts, and typologies; (2) Proper risk identification and assessment; (3) Managing the recovery and restoration process based on needs (priority scale); (4) Implementation of marketing and promotional measures during and after a crisis occurs; (5) Rebuilding key infrastructure; and (6) Rebuilding customer trust by prioritizing a risk management perspective (Carlsen and Liburd, 2008). In addition, many researchers have studied the impact of the Covid pandemic on MSMEs (i.e., Rismawati et al., 2019; Chauhan, 2020; the Regional Research, Development, and Innovation Agency of Buleleng Regency and LPPM Universitas Pendidikan Ganesa Singaraja, 2020; Sari, 2021; Febrantara, 2020; OECD, 2020 in Syriac, 2021). There has not been any study on how to take action to reclaim marketing and crisis management.

In addition, studies on repositioning are also rarely conducted (Ryan, Moroney, Geoghegan & Cunningham, 2007). A repositioning study conducted by Turner (2003) showed that such strategic changes (repositioning) often represent a fundamental change in the underlying value proposition of the company as it seeks to change the targeted market segment and/or the basis for its differentiation advantage. In his research, Turner (2003) identified repositioning strategies carried out by Cable and Wireless companies. Therefore, research on MSME Marketing Recovery Strategies through a repositioning strategy is a move or difference from previous research so that the recovery of MSMEs through a revised marketing plan, such as a repositioning strategy, needs to be studied further in this study.

The purpose of this study is how Marketing Recovery Strategies, through appropriate repositioning strategies to increase sales and restore the batik business. This study provides several theoretical contributions to understanding the use of the Marketing Recovery Strategies approach. First, this study develops a theoretical framework related to the role of Marketing Recovery Strategies in the recovery of MSMEs. Second, examine the repositioning strategy that can be applied for the recovery of SMEs. Third, this study provides an in-depth understanding of the current marketing recovery strategy process.

LITERATURE REVIEW

Marketing Strategy

A marketing plan is a component of a business plan. Marketing strategy is the result of the marketing plan process. A marketing strategy is a fundamental tool designed to meet the goals of the company by developing a sustainable competitive advantage through the introduced markets and the marketing programs used to serve these target markets (Tull & Kahle, 1990). A marketing strategy is a plan that describes the company's expectations of the impact of various marketing activities or programs on demand for products or product lines in certain target markets (Chandra, 2002).

Marketing Recovery Strategies

The restoration of a crisis situation may mean a change in a pre-existing way of operating, such that a common challenge in the recovery phase is to restore operations to normal (as before the crisis) (Scott, Laws & Prideaux, 2009). A successful recovery program is not only to restore or return to a state before a crisis event but to rebuild better (Beirman, 2011). The Marketing Recovery Strategies program is widely used in the tourism sector. One of the concepts that can be adopted is the contribution of marketing to the recovery of tourism/business/MSME potential, manifested mainly in a special form, as marketing for Business Recovery/MSMEs (Kulcsár, 2012). Recovery from disasters and negative problems requires planning (Pike, 2016).

Repositioning Strategy

Repositioning is a deliberate adaptation to a changing environment that represents a fundamental change in the firm's value proposition (Turner, 2003). Such strategic changes (repositioning) often represent a fundamental shift in the underlying value proposition of the firm as it seeks to change its targeted market segment and/or base of differentiation advantage (Turner, 2003). Repositioning is a strategy to align the organization/product/service with existing or future market conditions (Wong & Merrilees, 2007). The repositioning has been widely used as an element of enterprise-level strategy (Thompson & Strickland, 2003), as a strategy in stakeholder mapping (Johnson, Scholes & Whittington, 2005), and increasing the future prospects of a product or service (Saxena & Khandelwal)

RESEARCH METHOD

This type of research is qualitative descriptive, which aims to explain the phenomena that occur in the Batik UKM Group based on qualitative data. The subject of this research is the Banyuripan Batik Tulis Association in Central Java, Indonesia, which consists of batik producers typically of Klaten, Central Java. Data were collected using in-depth interviews and focus group discussions. Interviews were conducted with the Management of the Banyuripan Batik Society. The FGD was conducted with all SMEs who are members of the Banyuripan Batik Tulis Association. Triangulation has been carried out to ensure the quality of the data collected. Triangulation involves elements of the batik SME association management, local government, and batik resellers. The results of the study are based on qualitative data and supported by quantitative data in the form of batik sales.

FINDINGS AND DISCUSSION

The Natural Color Batik Society of Banyuripan is experiencing a crisis and is trying to recover its post-crisis business conditions. The crisis experienced, such as declining sales, making it difficult to stay in production. The recovery step taken is to rearrange the market plan. The first step is a market analysis. In

this step, MSMEs reanalyze the needs, desires, and demands of the community (batik consumers). Through market analysis, batik SMEs will gain a deeper understanding of customers. Moreover, written batik SMEs also perform an analysis of the external and internal environment. The external environment involves discovering opportunities and threats, while the internal analysis aims to identify the strengths and weaknesses of MSMEs to date.

It is known from the external environmental analysis that consumer behavior and marketing behavior have changed. With the condition of people's purchasing power declining and the economy unstable, the market for naturally colored batik is shrinking, or its market share is low. People need batik, which is prioritized for daily activities. Furthermore, people who live around MSMEs with natural color batik Banyuripan do not have the desire to purchase, so that the potential market is changing.

Therefore, based on the results of market analysis, it is known that the natural color batik market in Banyuripan has changed so that it re-segments and changes its target market. Different segments and different targets, then the positioning is also different. MSMEs with written form must do repositioning to be able to restore conditions after the crisis, which began when it was still a crisis as one solution.

Based on the results of the external environment, apart from declining the purchasing power of people, the consumers from millennials have different desires. The results of the internal environmental analysis showed that the market is still limited in several cities that are close to MSMEs. Therefore, MSMEs conduct market orientation. One of the segments is seen from geography and demography, so the target market becomes wider. The target market is consumers in the territory of Indonesia and is aimed at all groups. So the recommended positioning is that the cool pattern runs out, so batik will always stick in my heart (millennials), or the cool pattern runs out, so batik will always stick in my heart. The selected repositioning is a strategy to restore Banyuripan batik SMEs.

The repositioning strategy is important to do in order to be able to recover MSMEs from the crisis because repositioning will affect potential buyers to buy (new markets). New companies that are well-positioned will outperform competitors (Hooley, Piercy & Nicouland, 1999). The value proposition derived from a well-positioned offering that is aligned with the needs, wants, and aspirations of the target audience will create an edge (Fuchs and Diamantopoulos, 2010). In addition, effective market positioning has the potential to build a strong brand (Fuchs & Diamantopoulos, 2010).

The repositioning strategy will be attractive if the written batik UMKM highlights the attractiveness and elegance of its offerings in the market and the product's ability to provide value to customers (Blankson & Kalafatis, 2007). Repositioning is an appropriate strategy for recovery from crisis because the operational environment leads to drastic changes in the competitive landscape, such as changes in consumer behavior (Zhang, Lin & Newman, 2015). The crisis due to a pandemic represents a drastic change in the competitive landscape. The repositioning strategy will be easy to do because, so far, Banyuripan batik consumers do not have a strong emotional attachment to the Banyuripan batik brand. MSMEs will easily reshape and change consumer perceptions and make them accept their market repositioning in the market.

The thing that must be considered by Banyuripan batik SME's in making a repositioning strategy is to harmonize changes in external market needs and internal capabilities to fulfill them. MSME Batik Tulis Banyuripan can use the framework generated from the research of Ryan et al. (2007) to make the repositioning strategy a success. The framework consists of 6 elements, namely:

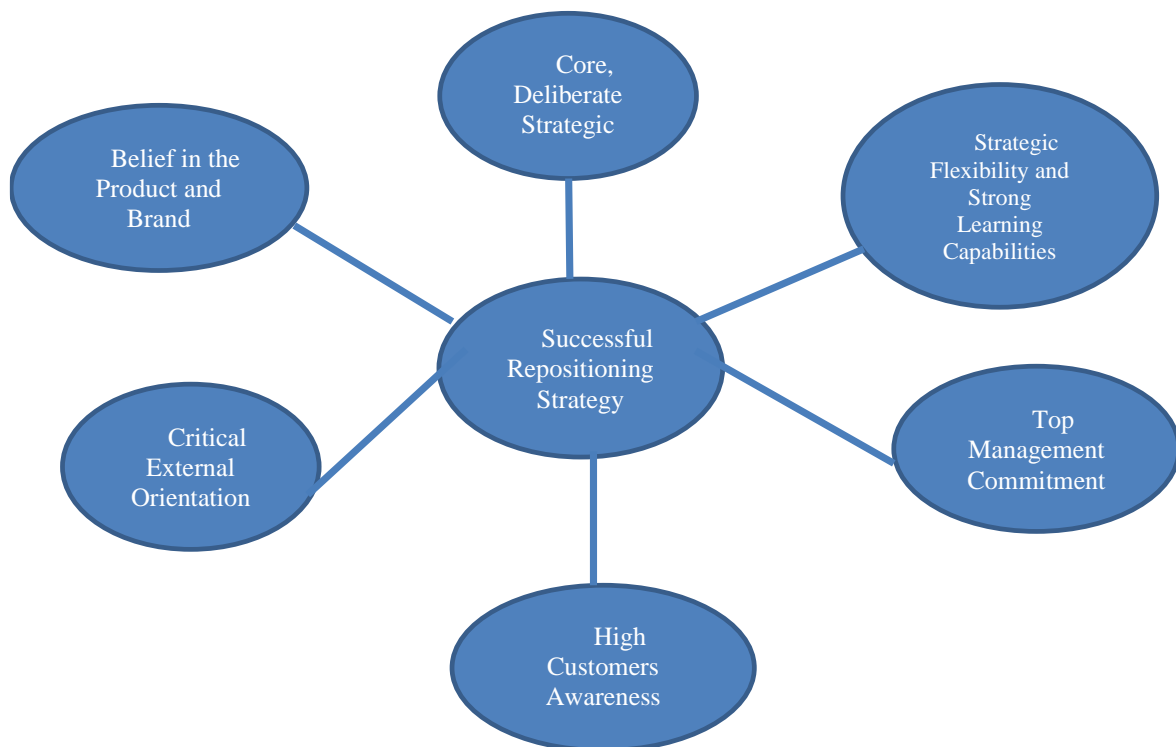


Figure 1: Framework for a Successful Repositioning Strategy

Sources: Ryan, Paul; Moroney, Mike; Geoghegan, Will and Cunningham, James, 2007, A Framework for a Strategic Repositioning Strategy: A Case Study of Bulmers Original Cider, *The Irish Journal of Management*, 28(1), pp 81-102

1. Core, Deliberate Strategic Values
2. Strategic Flexibility and Strong Learning Capabilities
3. High Customer Awareness and Sensitivity
4. Critical External Orientation
5. Top Management Commitment
6. Belief in the Product and Brand

Repositioning is not an easy strategy to implement because, in the process of implementing a repositioning strategy, it requires customer trust and confidence about their products or services. Although repositioning is not always the right solution, this strategy must be carried out if the Banyuripan batik SMEs make changes to their segmentation and target market in response to the crisis. Banyuripan batik SMEs are repositioning to focus on targeting a new customer base. On the other hand, being able to resolve the problems that caused the crisis through an effective recovery strategy has several dual effects such as increasing tourist/customer satisfaction and loyalty and generating positive word of mouth (post-visit behavior/repurchase behavior) (Zeithaml, Bitner).& Gremler, 2009).

CONCLUSION AND FUTURE RESEARCH

Conclusion Based on the research finding and discussion, it can be concluded that:

The COVID-19 pandemic has resulted in a crisis for Banyuripan Batik tulip MSMEs. The recovery step taken by UMKM Batik Tulis Banyuripan is to rearrange the market plan. The first step is a market analysis. In market analysis, MSMEs reanalyze the needs, desires, and demands of the community (batik consumers). With market analysis, batik SMEs will gain a deeper understanding of customers. Second, the written batik UMKM also performs an external and internal environment analysis. Thus, the MSMEs of Batik Tulis will have a better understanding of the market. Third, the MSMEs of Banyuripan Batik Tulis are repositioning themselves to achieve the goal of re-establishing conditions during and after the crisis as a form of recovery.

The repositioning strategy is carried out by aligning changes in external market needs and internal capabilities to fulfill them. The repositioning strategy of Batik Tulis Banyuripan MSMEs can be successful by using the framework of six components (Ryan et al., 2007). Repositioning Application on MSME Batik Tulis Banyuripan is not an easy strategy to implement because it requires trust, i.e., the trust of customers in the products of MSME Batik Tulis Banyuripan.

Recommendation for MSMEs

A recovery program (Marketing Recovery Strategies) through repositioning strategy requires careful planning and expertise in making marketing plans. On the other hand, there is a lack of human resources who have this expertise that not all human resources who manage Banyuripan batik writing have this ability. Therefore, it is recommended that universities and governments provide assistance in conducting market research and assist in the development of recovery strategies (recovery marketing strategies). Mentoring will be successful if MSME managers are willing to open themselves up to receive input and are willing to attend the required training.

Limitations

Some of the limitations of the research described here can be presented as a reference for future researchers in order to conduct better research. The results of this study cannot be applied conclusively to MSMEs batik in other areas and MSMEs in general because the sample in this study was limited to the MSME managers of Batik Tulis Banyuripan and the different internal and external environments. Secondly, Focus Group Discussion (FGD) and in-depth interviews are instruments to obtain most of the data. If the researcher uses a mixed approach, the results of the research will be better, such as the extent to which community involvement may be known.

Further Research

To improve the quality of research contributions, further research can use research samples from several batik SMEs and other SMEs so that they can find out Marketing Recovery Strategies and recovery steps for MSMEs. Further research can use the theory of crisis management. To further enrich the findings, further research can expand the use of crisis management for MSMEs, and the current study is appropriate because of the Covid 19 pandemic. Future researchers should combine qualitative and quantitative approaches to obtain more detailed information related to the Marketing Recovery Strategies process, especially regarding repositioning strategies.

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