

The Formulation of Strategic Management for Market Development and Competition of Ground Coffee Product in SMEs of East Manggarai Regency

Melania Awuk^{1*}, Djoko Koestiono¹, Silvana Maulidah², Riskina Aulawiah³

¹Department of Agribusiness, Faculty of Agriculture, University of Brawijaya, Jl. Veteran, Malang 65145, Indonesia

²Master of Agribusiness, Postgraduate Program, University of Brawijaya, Jl. Veteran, Malang 65145, Indonesia

³Ege University, Turkey

Received: 30 March 2022; Revised: 29 June 2022; Accepted: 22 September 2022

ABSTRACT

The business unit's development is determined by its ability to design a marketing strategy. This study was intended to determine the criteria and sub-criteria for marketing resources using the ANP model and formulate an alternative marketing strategy using the TOPSIS method in small and medium enterprises (SMEs) for the ground coffee product in East Manggarai Regency. The sampling method used in this research is purposive sampling. Data collected using a questionnaire from 36 respondents. Research method study used analytical network process (ANP) and technique for order preference by similarity to an ideal solution (TOPSIS) for the method. The ANP was used to analyze the priority of the sub-criteria of marketing resources, while the TOPSIS was used to determine the highest preference value on alternative marketing strategies. This study revealed that the sub-criteria with the highest weight for formulating alternative marketing strategies was the sub-criteria for the process of developing effective new products and services with a weight of 0.118. The highest preference value for alternative marketing strategies is the differentiation strategy with a value of 1.00. Hence, it can be concluded that an appropriate strategy for marketing development and competition of ground coffee products in SMEs of East Manggarai Regency is a differentiation strategy supported by the selected sub-criteria of the process of developing effective new products and services.

Keywords: ANP; marketing strategy; sub-criteria; TOPSIS

How to cite :

Awuk, M., Koestiono, D., Maulidah, S., & Aulawiah, R. (2022). The Formulation of Strategic Management for Market Development and Competition of Ground Coffee Product in SMEs of East Manggarai Regency. *HABITAT*, 33(3), 221–230. <https://doi.org/10.21776/ub.habitat.2022.033.3.22>

1. Introduction

Suyanto (2007) asserts that every company is required to use a strategy to grow its business. Strategic management is required not only by large companies but also by small and medium-sized ones. Novianto (2019) states that strategic management is a series of decisions formulated based on an analysis of the company's external and internal environment to achieve long-term goals. The long-term goal of a business includes competitive advantages to thrive in the face of increasingly harsh competition. Hence, strategic management involves long-term decision-

making.

Strategic management is critical in today's fast-changing era with increasingly fierce competition. Because every organization is seeking to meet customer satisfaction, the level of competition has become tighter (Mardia et al., 2021). Therefore, the discussion of marketing strategy management is prominent in the development of business units or companies for them to develop and compete. A company that uses a strategic management approach is more profitable than one that does not (Agwu, 2018).

The development of Micro, Small and Medium Enterprises (MSMEs) in Indonesia is an important part of national economic development. MSMEs are categorized as small-scale businesses. The data on MSMEs and large enterprises from Indonesian cooperatives and

*Correspondence Author.

E-mail: melania31@student.ub.ac.id

Phone: +62-81357669966

SMEs in 2018–2019 shows that the number of small and medium enterprises (SMEs) in Indonesia is 15,547 units with a contribution to Gross Domestic Product (GDP) of IDR 85,085 billion. However, despite the development and increasing contribution of MSMEs to GDP, it turns out that they are still having challenges with their business management. Handini et al. (2019) explain that there are numerous issues with initiatives to develop MSMEs, especially in terms of management, production and marketing, as well as financing.

In various literature, marketing is often considered one of the critical obstacles to the development of SMEs. Competitive pressures are one part of the marketing problems that small and medium enterprises. This is due to MSMEs' proclivity to dominate a small market as a result of their limited ability to compete with large companies, as well as their inability to see market opportunities. This corroborates previous research conducted by Purwanti and Suyanto (2021) that the weaknesses of MSMEs in developing their business are the lack of business management skills, lack of human resources, limited access to marketing, and limited IT partnerships.

SMEs that are starting to develop in the East Manggarai Regency area is ground coffee-based SMEs. Since 2018, it has begun to grow. East Manggarai Regency has the highest land area and coffee production in East Nusa Tenggara Province, with an area of 26,951 Ha and production of 8,696/ton (BPS NTT, 2021). As the region with the biggest coffee production, this helps small and medium enterprises market coffee. As a result, the business potential in East Manggarai Regency is unquestionably strategic. However, as with SMEs in general in Indonesia, the development of ground coffee SMEs in East Manggarai Regency has been hampered by a variety of internal and external issues. The problems include business management, limited information since the location is in remote areas, far from information centers, low internet connection as well as communication and transportation networks. It is also difficult to develop due to a lack of transportation. Another problem is the dependence of SMEs on market demand. The production and marketing of ground coffee occur only when there is market demand. This makes it difficult for SMEs to develop. In addition, the facilities and infrastructure to produce ground coffee are still simple. Thus, the

formulation of strategic management is crucial as supporting regulation for implementation.

Several studies on strategic marketing management have been conducted by several researchers who used the same statistical tools but distinct analytical tools. They have provided good literature on strategic management and issues related to a strategic management issue. The topic of management strategy, as discussed in this study, was the focus of previous research. This study focuses on the formulation of strategic management for SME marketing development and competition using multi-criteria decision-making methods with analytical tools of Analytic Network Process (ANP) and Technique for Order Preference by Similarity to Ideal Solution (TOPSIS). Given the problems related to strategic management in SMEs, it is necessary to formulate strategic management for business development. The formulation of strategic management is one of the best alternatives to help SMEs in East Manggarai Regency develop. This study seeks to determine the criteria and sub-criteria for marketing resources using the ANP model and formulate an alternative marketing strategy using the TOPSIS SMEs of ground coffee in East Manggarai Regency.

2. Theoretical Underpinning

Formulating the most effective marketing strategy is a part of problem-solving issues based on the criteria and sub-criteria of marketing. Marketing strategy improves the awareness about the direction a company is going, maintains the business sustainability, and facilitates the delegation and process of effective leadership (Susanto, 2014). Cahyadi and Anna (2019) stated that marketing should be regarded as investment that can bring simultaneous improvements that support business sustainability and grow positive consumers' perceptions. Marketing strategies consist of differentiation strategy, overall cost leadership and segmentation to compete and gain a sustainable position. Strategic decision-making framework is very important for business actors in determining the most efficient marketing strategy. (Rajesh and Gowri, 2018; Purnomo, 2018). MCDM is considered a complex decision-making tool which regards both qualitative and quantitative factors (Sukru and Basar, 2015; Rajesh and Gorwri, 2018).

This study focuses on the formulation of strategic management for the development and marketing of ground coffee products in small and

medium enterprises (SMEs) in East Manggarai Regency based on multi-criteria decision-making method using ANP and TOPSIS as the analytical tools. At the present, the multi-criteria decision-making model has been widely used in various fields. However, Gowri and Rajesh (2018) employed ANP and TOPSIS in determining the proper marketing strategy of automotive companies. Wu, Lin, and Lee (2010) used ANP and TOPSIS to make decisions and determine the framework of marketing strategies in a private hotel. In addition, ANP and TOPSIS were used by Abdolmaleki and Aghei (2015) in marketing strategy selection and evaluation at Emdad Khodro's company. Meanwhile, Cahyadi and Anna (2019) used a multi-criteria model in determining the marketing strategies for the batik fashion industry in Indonesia. Another research on marketing strategy management was conducted by Agwu (2018) which focuses on analysing the impacts of strategic management on the performance of MSMEs in Nigeria. The results of prior studies have shown that ANP and TOPSIS are able to in measure the interrelationships between sub-criteria and calculate the value of the existing sub-criteria in order to formulate and determine the most proper marketing strategy.

2.1. Marketing Resources

Wu et al (2010) stated that marketing resources enable the improvement of competitive business advantages as it allows the development of excellent performance. However, not all kinds of resources and capabilities can be fully possessed or controlled by an organization. Cahyadi and Anna (2019) mentioned five dimensions of marketing resources that affect marketing performance consisting of the relationship with customers, innovation ability, managerial ability, HR management, and company reputation. Meanwhile, Wu, Lin and Lee (2010) referring to Hooley et al (2005) mentioned four criteria consisting of managerial ability, relationship with customers, reputation, and market innovation ability. Efendi, et al (2018) added competition criterion into the criteria proposed by Hooley et al (2005), namely the competition criteria.

In a journal article published by Cahyadi and Anna (2019), the relationship with customers in SMEs refers to the process of relationship development by SME managers to the customers. In fact, customer relationship that is engaging will lead to trusting relationships among business

partners, including customers, suppliers, and relatives that is advantageous in many ways. Wu, et al (2010), defined managerial ability as the ability to manage financial resources, effective human resource management, good operational management and excellent service management that can be developed over time. Cahyadi and Anna (2019) explained SME reputation as an aspect that relates to other factors affecting SMEs in the past and future which is relevant, especially brand equity. SME reputation is measured by checking the company name or brand and credibility with customers.

Competition is related to the ability of business actors in facing market competition, new competitors and the emergence of substitute products (Efendi, et al 2018). Market innovation ability can be defined as an interrelated process that allows SMEs to make market innovation (Cahyadi and Anna, 2019). This ability is shown by the penetration of new products and services (Wu., et al 2010).

2.2. Business Strategy

Bahudin, et al (2020) explained that generic business strategy relies upon two aspects: strategic emphasis and market approach. Strategic emphasis relates to how a business unit focuses on either low costs or the implementation of unique business strategy (differentiation). Whilst, market approach refers to the preference of a company over penetrating wider markets or small markets. Porter (1980) introduced three generic strategies that are the differentiation strategy, cost leadership, and segmentation strategy to create a sustainable position and achieve competitive advantage. Differentiation strategy is implemented to highlight one special characteristic of a product to make it different from competitors' products in order to make the product more attractive. Market segmentation strategy is the activity of dividing the market into different groups of buyers based on variety of needs, characteristics, and behaviors that may require different goods or marketing needs. The cost leadership strategy is one of the common strategies that can be used to produce cheaper products or services than those of competitors.

3. Research Method

Research method study was carried out in SMEs of ground coffee in East Manggarai Regency, East Nusa Tenggara Province. Based on data from the Department of Cooperatives,

Small and Medium Enterprises that focus on the marketing of ground coffee in East Manggarai Regency, currently, there are 12 business units of ground coffee in East Manggarai Regency.

The sampling selection used the purposive sampling method. In this study, the inclusion criteria are those who understand the marketing activities of SMEs of ground coffee in the East Manggarai Regency. The sample in this study was three respondents from each SME. They are the chairman, marketing manager, and financial manager of the SME. Thus, there were 36 respondents from 12 SMEs.

Data collection includes interview through questionnaires and literature study. There were 3 questionnaires used. The first questionnaire deals with the relationship between criteria. This questionnaire aims to determine the dependence between sub-criteria as a basic reference for making the ANP model. The second questionnaire is a pairwise comparison. This questionnaire was developed based on the dependence obtained from the first questionnaire. The third questionnaire is the judgment questionnaire of the TOPSIS method. This questionnaire serves to determine the suitability of the recommended alternatives with sub-criteria or marketing resources owned by SMEs.

The data analysis technique used in this study were the Analytic Network Process (ANP) and the Technique for Order Preference by Similarity to Ideal Solution (TOPSIS).

3.1. Analytic Network Process (ANP)

The steps of ANP analysis are as follows (Effendi, 2018; Kaluku, 2015; Saaty, 1999):

- a. Build a model and determine the desired solution.
This stage deals with making a dependency questionnaire between the sub-criteria. If in a block (line i to column j) the number of respondents who choose (vij) is more than or equal to (N/2 - 2.5), there is a relationship between the criteria.
- b. Making pairwise comparison matrices.
At this stage, a pairwise comparison questionnaire between the two sub-criteria with a rating scale of 1-9 was made. Where the value of 1 is equally important and 9 is very much more important.
- c. Calculating the weights of pairwise comparison.
- d. Calculating consistency index (CI)
CI: $(\lambda \text{ maks}-n)/(n-1)$ (1)

- e. Calculating consistency ratio (CR).
The CR value is less than 0.1. $CR = CR/RI$.
- f. Supermatrix building
The supermatrix consists of:
1) Unweighted supermatrix
2) Weighted Supermatrix
3) Limit Supermatrix
- g. Matrix normalization.

3.2. Technique for Order Preference by Similarity to Ideal Solution (TOPSIS).

- 1. Determination of alternative marketing strategies
In this study, there are three alternative marketing strategies used. They are differentiation strategy, segmentation strategy, and cost leadership strategy.
- 2. Judgment questionnaire development
This questionnaire intends to determine the suitability of the alternatives that will be recommended with the sub-criteria of marketing resources.
- 3. Building a normalized decision matrix

$$r_i = \frac{x_i}{\sqrt{\sum_{i=1}^m x_i^2}} \quad (1)$$

- 4. Building a weighted normalized decision matrix.

$$v_i = w_i \times r_i ; \quad (2)$$

$J=1..j; i=1, \dots, n.$

- 5. Determine the positive-ideal solution matrix (A⁺) and the negative-ideal solution matrix (A⁻)

$$A^+ = (v_1^+, v_2^+ \dots v_n^+) \quad (3)$$

$$A^- = (v_1^-, v_2^-, \dots, v_n^-)$$

- 6. The distance to the ideal solution between the alternative A_j and the positive-ideal solution is as follows:

$$s_i^+ = \sqrt{\sum_{j=1}^n (v_{ij} - A_j^+)^2} \quad i=1,2,\dots,j \quad (4)$$

The distance between alternative A_i and the negative-ideal solution:

$$s_i^- = \sqrt{\sum_{j=1}^n (v_{ij} - A_j^-)^2} \quad i=1,2,\dots,j \quad (5)$$

- 7. Determine the preference value for each alternative.

$$C_i^+ = \frac{s_i^-}{s_i^- + s_i^+}; \quad j = 1,2,\dots, j \quad (6)$$

4. Results and Discussion

4.1. Analysis of the relationship between sub-criteria

The relationship between the sub-criteria was obtained based on the results of the dependency questionnaire for each sub-criterion.

The ANP model used in this study is presented in Figure 1.

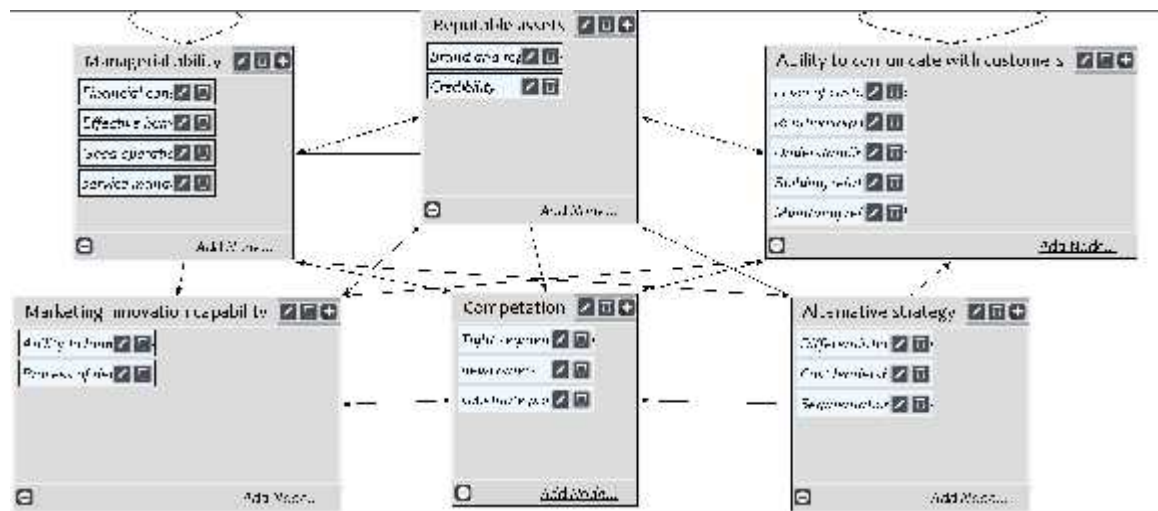


Figure 1. The ANP Model

Figure 1 depicts two relationships, namely the inner dependence and outer dependence relations. Avrianto (2014) defines inner dependence as the relationship between elements in the same cluster so that this cluster will be connected to itself to form a loop relationship. Meanwhile, outer dependence is the relationship between elements in a different cluster making one cluster to be connected to another cluster. In this study, the sub-criteria with inner dependence relations are the sub-criteria of financial condition that has a relationship with the sub-criteria of human resource management, good operation management, and service management. These four sub-criteria are of the same criteria, namely the criteria for managerial ability. The two sub-criteria of the ability to communicate with customers with sub-criteria of the level of customer service has a relationship with the sub-criteria of relationship with the main target customers, understanding consumer needs, building relationships with consumers, and maintaining relationships with consumers.

Criteria and sub-criteria with an outer dependence relationship are where each sub-criteria have a relationship with each other. The criteria for managerial ability have a mutually influencing relationship with the criteria for the ability to communicate with customers, reputable assets, competition, and marketing innovation capabilities. Thus, the managerial ability of SMEs of ground coffee in implementing marketing strategies has a mutually influencing relationship with the ability of SMEs to recognize consumer needs making them be able to compete through their ability to innovate the market according to consumer needs. An alternative strategy has a relationship with the overall criteria because in implementing a marketing strategy, marketing resources will affect the marketing strategy used.

4.2. Calculation of the Consistency of the Criteria Matrix

Based on the data tabulation from 36 respondents, the calculation of the consistency ratio of each criterion is presented in Table 1.

Table 1. The Calculation of the Consistency Ratio (CR)

Criteria	N	CI	RI	CR	Description
Criteria	5	0.089	1.12	0.080	Consistent
Managerial Ability	4	0.061	0.90	0.068	Consistent
Ability to communicate with customers	5	0.015	1.12	0.013	Consistent
Reputable Assets	2	2.025	0.00	0.000	Consistent
Competition	3	0.000	0.58	0.000	Consistent
Marketing Innovation Capability	2	0.048	0.00	0.000	Consistent

Based on table 1, the consistency ratio of each criterion is < 0.1 . Thus, from the respondents' assessment of the criteria through a distributed consistently pairwise comparison questionnaire, it can be stated that it can be used in analytical network process (ANP) analysis using Super Decision software.

4.3. Determination and analysis of sub-criteria weighting using the ANP method

The data from the questionnaire were analyzed by weighting the criteria and sub-criteria employing the Super Decision software. The results of the ANP analysis are presented in Table 2.

Table 2. The results of the weighting of the sub-criteria

Criteria	Sub-Criteria	Weight	Priority
Managerial Ability	Financial condition	0.061	5
	Effective human resource management	0.102	2
	Good operation management	0.047	7
	Service Management	0.089	4
Ability to communicate with customers	Level of customer services	0.057	6
	Relationship with main target customer	0.041	9
	Understanding consumer needs	0.044	8
	Building relationship with consumers	0.041	9
	Maintaining relationship with consumers	0.040	10
	Brand and reputation	0.092	3
Reputable Assets	Credibility	0.092	3
	Tight segment competition	0.023	11
Competition	Newcomers	0.047	7
	Substitute product	0.047	7
	Ability to launch new products and services	0.059	5
Marketing Capability	Innovation	0.059	5
	Process of developing effective new products and services	0.118	1

4.4. Analysis on managerial skill

The sub-criteria for effective human resource management weighs second in terms of importance value (0.102). It indicates the need for training and assistance to encourage capacity building and improve human resource quality in order to be able to keep up with the current business development. In the case of ground coffee SMEs in East Manggarai Regency, the entrepreneurs' knowledge about good business management was lacking. They focussed only on producing goods and marketing them without analysing the most proper marketing strategy for their business to grow. Efendi, et al (2018) stated that active and competent employees or human resources guarantee better product marketing.

Service management sub-criteria ranked fourth in priority (0.089), indicating that service management in ground coffee SMEs in East Manggarai Regency needs further improvement. The service management was found less effective as it took relatively long time to serve orders Due

to the location of SMEs that is far from urban centers.

The financial condition sub-criteria appeared as the fifth priority (0.061). The financial condition of ground coffee SMEs in East Manggarai Regency is of particular concern due to limited working capital and financial reports that were manually written with inefficient organization. Limited capital inhibited entrepreneurs from improving their production, making it difficult for their business to develop. Arvianto, et al (2014) defined financial condition as the ability of a company or a business or business to manage its finance.

Good operational management appeared as the seventh priority sub-criteria with a value of (0.047). The operational management of the ground coffee SMEs in East Manggarai Regency needs to utilize advanced technology to simplify the production process. Currently, the production process was still traditional using simple production equipment. No structured or scheduled activities were determined in carrying

out their business. It was highlighted by Efendi, et al (2018) that a company or business requires a series of structured activity plans to direct the marketing activities to run as planned.

4.5. Analysis on ability to maintain good relationship with consumers.

Based on the pairwise comparison in the ANP, consumer service ranked sixth in its influence on the success of ground coffee SMEs marketing in East Manggarai Regency with a priority value of 0.057. The services has been something that consumers value in this business. The quality of service is also a factor that determines consumer satisfaction. It is necessary to provide faster and more efficient service to meet consumers' demand in order to improve customer satisfaction.

The sub-criteria that ranked eighth in priority is the understanding of consumer needs with a value of 0.044. To date, the ground coffee SMEs have never directly asked for consumers' feedback about their satisfaction with the services or products being offered. The feedbacks can be positive or negative which can provide fruitful insights to the improvement of products and services being offered.

The sub-criteria that ranked ninth in priority was the relationship with the main target consumers and building relationships with consumers (priority value of 0.041). In the context of the ground coffee SMEs, friendliness and good communication are important aspects to concern in order to make consumers satisfied. This way, good relationship can be maintained between consumers and business actors or their employees. Efendi, et al (2018) also mentioned that positive consumer-producer relationship makes consumers feel comfortable and appreciated.

The sub-criteria that obtained the tenth priority order was the relationship with consumers with a priority value of 0.040. It is necessary for the MSEs to create good relationships between producers or business actors and consumers. Business actors should provide services and products that can make consumers feel satisfied.

4.6. Analysis on asset and reputation.

As seen in Table 2, brand and reputation and credibility sub-criteria rank third in terms of priority. Right brand can help compete in the market. Products with high brand awareness are widely known by consumers. Ground coffee

SMEs have branded their products in local language to make it different from other products. The use of local language also makes the product easy to remember and more familiar among consumers. Good branding can also improve product reputation, allowing the product to stick with consumers. It was explained by Cahyadi and Anna (2019) that company reputation is generally measured by brand name and credibility with customers.

4.7. Analysis on competition

New competitor and substitute products placed seventh in priority ranking with a value of 0.047. Product innovation should be carried out by providing a variety of flavors, sizes and packaging quality for their products to fit consumers' need, thereby customers will stay loyal. No substitute products have been produced in the SMEs, but the SMEs will focus on improving the main product.

The market segment competition ranked eleventh in terms of priority with a value of 0.023. The company will market its products in predetermined segments. In competitive market, SMEs need to increase the production to meet the market demand.

4.8. Analysis on market innovation ability

The ability to launch new products and services ranked the fifth with a value of 0.059. Ground coffee SMEs did not want to launch new products because the focus was still on the production using raw materials or basic ingredients that are available nearby. Business actors also apply offline and online marketing for larger marketing scope.

Based on the weighting of each sub-criteria, it is known that the sub-criteria of the process of developing effective new products and services have a higher importance weight of 0.118 among the sixteen sub-criteria (Table 2). This means that the greater the weighting of each sub-criteria, the more the priority of the sub-criteria. This shows that SMEs that produce ground coffee need to develop effective new products and services in marketing their ground coffee products because this will affect business development and product marketing competition. Thereby, this is expected to increase competitiveness and market share. Since this sub-criterion is the first priority, the business unit must innovate products and improve services to achieve customer satisfaction. Wu et al. (2010) confirm that a business must keep innovating and

create new products and services to meet customer needs since marketing innovation capability is measured by the ability of business units to launch effective new products and services.

4.9. Analysis and prioritization of selected marketing strategies using the TOPSIS method

After identifying the importance weight of each sub-criteria, the next step is to rank the priority of the selected alternative marketing strategies that are considered the most suitable for the SMEs of ground coffee. The method used to rank alternative marketing strategies is the TOPSIS method. This method has the basic principle that the chosen alternative marketing strategy must have the shortest distance from the positive-ideal solution and the farthest distance from the negative-ideal solution (Gowri & Rajesh, 2018). The first step was compiling the results of questionnaires which had been distributed to 36 respondents in order to calculate the average score of each sub-criteria. The average scores were then multiplied by the weight of each sub-criteria that was obtained from the results of ANP analysis (Table 2). After weighing the matrix of normalization decision, ideal positive and negative solutions were proposed for each sub-criteria in regards to the alternative strategies available. The gaps of the weighted scores of the ideal positive and ideal negative solution for each alternative had been measured in advance before ranking the alternative marketing strategies. The results of the calculation of TOPSIS are shown in Table 3.

Table 3. Results of Alternative Strategy

Marketing strategy	Preference Value	Preference
Differentiation Strategy	1.000	1
Cost Leadership Strategy	0.000	3
Segmentation Strategy	0.512	2

4.10. Differentiation strategy

Based on Table 3, TOPSIS analysis reveals that an alternative marketing strategy with a higher preference value is a differentiation. The formulation of a differentiation strategy focuses on marketing innovation capabilities through the process of developing an effective new product

and service and managerial capabilities through effective human resource management. The differentiation strategy aims to provide different products and services from competitors. In another word, it is an act of developing and modifying a product to be more attractive without changing the physical specifications of the product (Kotler, 2001).

In the case of the SMEs of ground coffee, the products and services provided by each SME are still too simple in terms of packaging, production processes, and product and services. Thus, it is necessary to apply a differentiation strategy in marketing its products. This will make consumers interested in making a purchase. This will help SMEs grow and compete with other businesses. The competitors with whose same product category will encourage business actors to implement a differentiation strategy in running their business. In this way, the company will survive amid business competition by innovating and offering effective new services according to customer needs. Boyt and Harvey (1997) in Wu et al. (2010) stated that a differentiation strategy through offering superior services and product innovation is significant. Successful product and service differentiation can be achieved through innovation and improvement. Asty (2015) added that product and service differentiation is expected to create a competitive advantage.

4.11. Cost Leadership Strategy

The cost leadership strategy ranks third with a preference value of 0.00. In the case of small and medium enterprises (SMEs) in a state of financial condition experienced. Cost leadership strategy is not a priority for now for it aims to market products at lower prices than competitors without reducing profits which is not suitable for SMEs. It is difficult for SMES to reduce the selling price of the product because the target profit will not be achieved for their capital is limited. Likewise, Wu., et al (2010) also explained that cost strategy can be carried out if a business is in a superior position, making it possible to reduce the selling price.

4.12. Segmentation strategy

The segmentation strategy ranked second with a value of 0.512. This strategy can be employed after SMEs have implemented proper differentiation strategy. SMEs seemed to only sell and market their product without determining their target market. Segmentation strategy allows SMEs to market their products in ways that fit

consumers' purchase behaviour, needs and expectations. Consumers' needs and expectation can be identified by obtaining consumers' feedback towards the products being sold. This strategy also makes product marketing more focused to target consumer. In addition, market segmentation also raises consumers' awareness of the products.

In a research, Gowri and Rajesh (2018) identified that segmentation strategy was related to the process of dividing the market based on certain potentials and sub-groups of products with similar characteristics. Overall, segmentation strategy is mainly applied to gain higher value segment, i.e. for segments with the most profit and strong growth potential that should be watched carefully.

5. Conclusion

The results of this study imply that the development and marketing competition of ground coffee MSMEs in Manggarai Timur Regency require new effective product/service development as a major sub-criterion that allow owners to determine the most effective strategic marketing management. Topsis can be used to weigh the criteria that affect the strategic management. In this study, differentiation appeared as the most appropriate strategy to the enterprise since this enterprise was relatively new. This alternative strategy also supported the selected sub-criteria from the ANP analysis.

References

- Abdolmaleki, A., and Aghei, M. 2015. Selection And Evaluation of The Optimal Marketing Strategy by Using ANP-TOPSIS Approach (Case Study: Emdad Khodro Company of Iran). *European Online Journal of Natural and Soscial Sciences*,4(1),2240-2253.
- Agwu, M.E. (2018). Analysis of the impact of strategic management on the business performance of SMEs in Nigeria. *Academy of Strategic Management Journal*, 17(1). 1-20.
- Asty, W. 2015. Strategi diferensiasi untuk menciptakan keunggulan bersaing disavali hotel Padang. *SOSHUM*, 5(2), 153-162.
- Avrianto, A., Sari, D. P., & Olivia, G. 2014. Pemilihan startegi pemasaran pada Pt. Nyona Meneer dengan menggunakan pendekatan metode analytical network process (ANP) dan techniques for order preference by similarity to an ideal solution (TOPSIS). *J@TI Undip*, IX (1), 35-44.
- Badan Pusat Statistik (bps). (2021). Statistik nusa tenggara timur tahun 2021. Badan pusat statistik.<https://ntt.bps.go.id/indicator/54/57/1/produksi-tanaman-perkebunan-menurut-kabupaten-kota.html>
- Badan Pusat Statistik (BPS). (2021). Statistik Provinsi Nusa Tenggara Timur tahun 2021. Badan pusat statistik. <https://ntt.bps.go.id/indicator/54/58/1/luas-areal-tanaman-perkebunan-menurut-kabupaten-kota.html>
- Cahyhadi, I., dan Anna, I. D. 2019. A Multi-Criteria Model for Marketing Strategy Selection for Batik Fashion Creative Industry in Indonesia. *International Journal of Advances in Scientific Research and Engineering (ijasre)*, 5(1), 74-84. <https://doi.org/10.31695/IJASRE.2019.33071>
- Eefendi, U., Wardahniati, A., & Deoranto, P. (2018). Perencanaan strategi pemasaran keripik kentang dengan metode ANP dan TOPSIS di Agronas Gizi Food, Kota Batu. *Jurnal teknologi dan manajemen agroindustri*, 7(2), 124-132. <https://doi.org/10.21776/ub.industria.2018.007.02.7>
- Gowri, D.R., and Rajesh, R. 2018. Formulation of Marketing Startegy for an Automobile Firm by Multi-Criteria Decision-Making Tool. *Int. J. Markets and Business Systems*. 3(4), 362-373.
- Handani, S. Sukesi., & kanty, H. (2019). *Manajemen UMKM dan koperasi*. Surabaya.
- Kaluku, M. R., & Jie, F., (2015). Penarapan ANP-TOPSIS untuk pengukuran kinerja human resources procurement section. *Jurnal sistem informasi bisnis* 2. <http://ejournal.undip.ac.id/index.php/jsinbis>
- Purnomo, M. (2018). Contesting Indonesia's single origin coffee market: A dynamic capabilities perspective. *Asian Social Science*, 14(8), 1911-2017.

- M. Suyanto, (2007). *Strategic Management Global Most Admired Companies*. Yogyakarta: C.V Andi Offset
- Mardia, Hutabarat M. L. P., Sipayung, M.S.R., Saragih, L., Sulasih, H. M. P. S., Tanjung, R., Idrawati, Tjahjana, D., Tjiptadi, A. S. D. D., & Ince, W. 2021. *Strategi pemasaran*. Yayasan kita menulis.
- Novianto, E., (2019). *Manajemen strategis*. CV Bui Utama.
- Purwanti, I., & Suyanto, U. Y. (2021). Penedakatan manajemen strategi dalam pengembangan sektor UMKM di Kabupaten Lamongan. *JIMEA*, 5(1), 735-757.
- Sukru, M. and Basar, A. (2015). Covert marketing strategy and techniques. *Social and Behavioural Sciences*, 207, 135–148.
- Wu, C.S., Lin, C. T., & Lee, C. 2010. Optimal marketing strategy: a decision-making with ANP and TOPSIS. *International journal of production economics*, 127(1), 190-196. <https://doi.org/10.1016/j.ijpe.2010.05.013>.