

Analysis of Digital Marketing Strategies for Herbal Medicine Products (Case Study at “X” Herbal Industry in Yogyakarta, Indonesia)

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Abstract

Digital marketing is an indispensable business tool for customers engaging to achieve more revenue and extensive network at global levels. Thus, the study was performed to determine the internal and external factors of the business environment that affect digital marketing activities, as well as the appropriate digital marketing to be applied to Industry X. This study used mixed methods, determining the location using the purposive method, and the sampling technique used was saturated sampling method. Data were collected by observation, interview, and questionnaires. The data was then analyzed using SWOT with the stages of the IFAS and EFAS and also SWOT diagrams; QSPM Matrix was used in the decision making. The result showed that Industry X was in the first quadrant with an aggressive strategy (strength-opportunity). Based on the QSPM matrix, the best strategy (strength-opportunity) that can be utilized is to take advantage of the trend of healthy living during the pandemic to promote the health benefits of herbal products. The implementation plan for this strategy was to promote herbal products through Instagram and Whatsapp social media with captivating content regarding the product's benefits so that more people would recognize Industry X's products. The promotion targets were all Instagram and Whatsapp social media users.

Keywords: business tool, business environment, jamu, social media, SWOT

Introduction

Jamu is one of Indonesia’s cultural heritage herbal drinks. Products made from medicinal plants have long been known for their benefits in tackling health problems (Lu et al., 2022). Most people consume herbal medicine to treat or the prevention of disease. Herbal drinks have become popular, resulting in a growing interest in herbal products (Techaratanakrai, Laohasongkram, and Chaiwanichsiri 2009). Jamu, a well-known plant-based medication from Indonesia that is considered to boost immunity and can cure illnesses, has become one of the most sought-after alternative treatments during this Covid-19 pandemic. Many traditional prescriptions have been developed from medicinal plants to add more variety of jamu to facilitate the need of society (Lim & Pranata, 2020). Generally, herbal medicine is cheaper and non-toxic than synthetic drugs (Mustarichie, Ramdhani, and Indriyati 2017). This resulted in people interested in herbal medicine that supports the immune system. Traditional herbal products are an option to maintain the body's condition and immunity, especially during a pandemic (Abidin & Indriani, 2021).

There is an opportunity to increase the sales of herbal products, supported by the application of digital marketing, which is growing rapidly due to the implementation of Large-Scale Social Restrictions and the Enforcement of Restrictions on Community Activities. Digitalization of marketing affects all stages of the purchasing process, including the customer's preferences (Erdmann & Ponzoa, 2021). In this digital era, the popularity of the ever-growing online shops is advantageous for every business (Hagen et al., 2022). Pradiani (2017) stated that business owners are leaving conventional marketing models and switching to modern marketing, namely digital marketing. Digital marketing is very supportive of the business world because the presence of all platforms within digital marketing has gained a new dimension as opportunities in customer relations, brand, sales, and marketing. Thus it is enabled the extensive transfer of information and promotion (Keke, 2022).

The effectiveness of digital marketing has significantly made it easier for industry owners to interact in real-time with consumers (Faruk, Rahman, and Hasan, 2021), expand market share, increase business awareness and increase sales for industry owners (Febriyantoro & Arisandi, 2018). It is an integrated, targeted, and measurable platform that helps small businesses to align their marketing strategy (Saheb, Amini, and Alamdari, 2021). In addition, digital marketing through available platforms such as social media and

marketplaces can help minimize promotional costs and become the best means of connecting with consumers (Wati et al., 2020).

In this case, the internal factors that need to be considered before implementing digital marketing are the availability of digital marketing facilities and internet capabilities (Purba, 2021). Digital marketing content is also important to develop brand engagement, trust, and relationships with the customers (Terho et al., 2022); it is incorporated into the internal factors of digital marketing in addition to human resources (HR), finance, production factors, and research and development (Nurmagribah, 2016). External factors influencing digital marketing are the rapid growth of competitors with similar products and suppliers and increasing market share (Purba, 2021). In addition, several things are needed to support the successful implementation of digital marketing, namely age, education level, and business experience (Krisna et al., 2021).

Marlina et al. (2020) stated that with the presence of digital technology, human actions when communicating, taking action, and making decisions are no longer the same as marketing activities. These technological advances support the trend of the business world becoming more varied and growing. Therefore digital marketing has been widely applied by business owners. However, not all industries have implemented digital marketing, including Industry X. The problem faced by Industry X is the lack of a qualified workforce in operating technology facilities, so there is no online marketing in this business. This is in line with the research of Salekhah et al. (2021), which stated that human resources significantly influence marketing development. In addition, marketing that only uses offline/conventional strategy makes Industry X yet to enter a more vast market segment, so it is necessary to develop the right strategy for business if you want to seize the opportunities in digital marketing. Rangkuti (2017) states that strategy is crucial for long-term goal planning by using all available resources to realize the mission targeted in the business.

Materials and Methods

This research used mixed methods; the data were plotted using the SWOT matrix (Strength, Weakness, Opportunities, Threats) and QSPM (Quantitative Strategic Planning Matrix). The selection of the study site used purposive methods. Sampling was carried out with saturated sampling techniques with 15 respondents, which were selected based on the relationship with the Industry X marketing process, consisting of owners, employees, and resellers. Primary data were obtained through observation techniques, interviews, and questionnaires addressed to respondents.

Procedure for Data Analysis

The data obtained were analyzed using SWOT analysis. This analysis maximized strengths and opportunities but must also be able to suppress weaknesses and threats. SWOT analysis can detail a problem from 4 sides at once (strengths, weaknesses, opportunities, and threats), so it is easier to determine strategies and recommendations relevant to business conditions (Hardiyanto et al., 2018). SWOT analysis was done in stages using the IFAS and EFAS matrix, SWOT diagram, and then determining the priority strategy through QSPM calculations.

Results and Discussions

Based on the results of questionnaires and interviews conducted with 15 respondents of 1 business owner, seven employees, and seven resellers, the strategic factors were obtained to determine the rating and weight in the SWOT matrix. The stages of the SWOT matrix in this study are in Table 1 :

(a). *Matrix IFAS (Internal Strategic Factors Analysis Summary)*

Table 1. IFAS matrix (Internal Strategic Factors Analysis Summary).

| No. | Internal factors | Weight Weight | Rating (1-4) | Weighted Score |
|-------------------|---|-----------------------|--------------|----------------|
| Strength _ | | | | |
| 1. | Promotion through social media such as Whatsapp and Instagram | 0.06 | 3 | 0.18 |
| 2. | Herbal products already have P-IRT | 0.06 | 3 | 0.18 |
| 3. | Quality of products | 0.08 | 4 | 0.32 |
| 4. | Appropriate pricing | 0.06 | 3 | 0.18 |
| 5. | Safe and attractive packaging | 0.06 | 3 | 0.18 |
| 6. | Good worker skills | 0.06 | 3 | 0.18 |
| 7. | Satisfactory service | 0.06 | 3 | 0.18 |
| 8. | Selection of good quality raw ingredients | 0.08 | 4 | 0.32 |
| 9. | The ease of distribution | 0.06 | 3 | 0.18 |
| Total | | | | 1.90 |
| Weaknesses | | | | |
| 10. | Employee understanding of technology is still low | 0.06 | 3 | 0.18 |
| 11. | Only a few employees master IT | 0.06 | 3 | 0.18 |
| 12. | The absence of digital marketing training | 0.06 | 3 | 0.18 |
| 13. | Limited business facilities | 0.06 | 2 | 0.12 |
| 14. | Business planning related to digital marketing is not optimal | 0.06 | 3 | 0.18 |
| 15. | Online marketing management is not optimal | 0.06 | 3 | 0.18 |
| 16. | Organizational functions are not fully implemented | 0.06 | 2 | 0.12 |
| Total | | 1.00 | | 1.14 |
| | | The Value of X | | 0.76 |

Table 1 shows that the internal conditions of Industry X were good, supported by the nine strength factors. The strength factor with the highest score was the quality of the product and the quality of raw ingredients, with the same score of 0.32. This is because Industry X's herbal products were made from selected spices obtained from farmer partners in the form of fresh rhizomes, which were selected according to the required criteria, mainly devoid of any defect, and at least cultivated for at least nine months. Aidin et al. (2016) stated that the older the age of the rhizome,

the greater the content in it. Table 1 also shows that the main weaknesses that need to be considered were the common understanding of technology among the employees, only a few employees have IT skills, no digital marketing training, business planning related to digital marketing, and online marketing management is still not optimal. This is because most employees were 46-60 years old. Ashari (2018) mentioned was classified as an older person who tends to have difficulty understanding technology, in addition to a lack of motivation, decreased vision, and also lack of funds to access the internet; furthermore, they have a perception that the internet was only for young people causes the elderly to be uninterested in learning technology.

(b). Matriks EFAS (External Strategic Factors Analysis Summary)

Table 2. EFAS matrix (External Strategic Factors Analysis Summary).

| No. | External Factors | Weight Weight | Rating (1-4) | Weighted Score |
|------------------------|--|---------------|--------------|----------------|
| Opportunities _ | | | | |
| 1. | Availability and abundance of raw ingredients | 0.11 | 4 | 0.44 |
| 2. | The covid-19 pandemic increases the trend of healthy living | 0.08 | 3 | 0.25 |
| 3. | The target market continues to grow | 0.08 | 3 | 0.25 |
| 4. | Expanding marketing reach with digital marketing | 0.11 | 2 | 0.22 |
| 5. | Technological developments support digital marketing | 0.08 | 3 | 0.25 |
| 6. | Social media platforms can be used as promotional media | 0.08 | 3 | 0.25 |
| 7. | Digital marketing platforms can simplify marketing activities and communication with consumers | 0.08 | 2 | 0.17 |
| Total | | | | 1.83 |
| Threats | | | | |
| 10. | Many similar products on the market | 0.11 | 4 | 0.44 |
| 11. | The occurrence of inflation | 0.08 | 3 | 0.25 |
| 12. | Rising raw ingredients prices | 0.08 | 3 | 0.25 |
| 13. | Risk of product damage | 0.08 | 2 | 0.17 |
| Total | | 1.00 | | 1.11 |
| The value of Y | | | | 0.72 |

The EFAS matrix above showed that the highest score on the opportunity indicators was the availability and abundance of raw ingredients, with a total score of 0.44. The highest score on this factor means that the availability and abundance of raw ingredients should be utilized properly so that the product manufacturing process is smooth and not hampered. At the same time, the highest score on the threat indicator was 0.44, which was the threat of many similar products on the market. During the Covid 19 pandemic in 2020, many industries have shifted their production to health products, including traditional herbal medicine. The existence of herbal medicine rose again amid the pandemic because many people were worried about the impact of the Covid-19 virus (Susilawati & Hikmatulloh, 2021). The increasing number of businesses in this field causes competition between similar products.

(c). Matrix and SWOT diagram

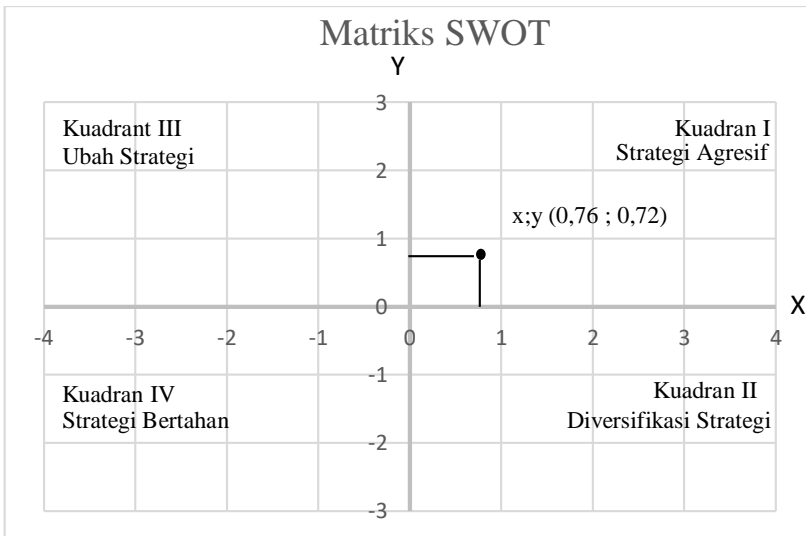


Figure 1. SWOT diagram

Based on the results from analyzing the internal and external factors through IFAS and EFAS matrixes, the total score of the IFAS (X) matrix is 0.76 (+/Positive). The EFAS (Y) matrix is 0.72 (+/Positive), which resulted in Industry X landing in **quadrant 1** (positive, positive) with an aggressive strategy (strength-opportunities). This position indicates that Industry X was in a strong situation and should take full advantage of existing opportunities. The SWOT diagram was then used as a determinant of alternative strategies following the SWOT matrix. This SWOT matrix will produce four alternative sets of strategies.

Table 3. SWOT Matrix.

| | Strength | Weaknesses |
|---|---|--|
| | <ol style="list-style-type: none"> Promotion through social media such as Whatsapp and Instagram Herbal products already have P-IRT Quality of products Appropriate pricing Safe and attractive packaging Good worker skills Satisfactory service Selection of good quality raw ingredients The ease of distribution | <ol style="list-style-type: none"> Employee understanding of technology is still low Only a few employees master IT The absence of digital marketing training Limited business facilities Business planning related to digital marketing is not optimal Online marketing management is not optimal Organizational functions still need to be fully implemented. |
| Opportunities | SO Strategy | WO Strategy |
| <ol style="list-style-type: none"> Availability and abundance of raw ingredients The covid-19 pandemic increases the trend of healthy living The target market continues to grow Expanding marketing reach with digital marketing | <ol style="list-style-type: none"> Maintain product quality to expand reach and target market through the use of digital marketing technology (S2,3,5,8 & O1,3,4,5) Utilizing social media such as Whatsapp and Instagram as promotional media to build branding awareness to the wider community (S1 & O 6) | <ol style="list-style-type: none"> Improve employee skills through digital marketing training (W 1,2,3 & O 3,4,7) Optimizing business facilities and organizational functions to support digital marketing activities (W 4,5,6,7 & O 4,5) Optimizing the availability of raw materials to increase |

| | | |
|---|--|---|
| 5. Technological developments support digital marketing. | 3. Optimizing HR skills to improve marketing performance through digital marketing (S 6 & O 7) | production capacity so that online marketing is more optimal (W 5,6 & O 1) |
| 6. Social media platforms can be used as promotional media | 4. Establish good communication in order to attract more consumers with appropriate product prices and satisfactory service (S 4,7 & O 7) | 9. Develop digital marketing plans such as promotional activities through social media to take advantage of healthy living trends (W 5 & O 2,6) |
| 7. Digital marketing platforms can simplify marketing activities and communication with consumers | 5. Take advantage of the trend of healthy living during the pandemic to promote the health benefits of herbal products (S 2,3 & O 2,4) | |
| Threats | ST strategy | WT Strategy |
| 1. Many similar products on the market | 10. Promote quality products at appropriate prices through social media (S 1,2,3,4,8 & T 1) | 13. Optimizing overall marketing activities, organizational functions, and service quality to face threats in the industrial world (W 1,2,3,4,5,6,7 & T 1,2,3,4) |
| 2. The occurrence of inflation | 11. Maximizing services to attract more consumers (S 5,6,7 & T 1) | |
| 3. Rising raw ingredients prices | 12. Maximizing packaging quality in order to minimize the risk of product damage during the distribution process (S 5,9 & T 4) | |
| 4. Risk of product damage | | |

(d). QSPM

QSPM (Quantitative strategic planning matrix) is a decision-making stage aiming to analyze which alternative strategy is most suitable for Industry X. With the use of QSPM, an attractiveness test (Attractive Score / AS) is performed on all alternative strategies that have been obtained from the results of IFAS and EFAS. Attractive Score / AS will then be multiplied by the weight of each internal and external factor to obtain the total attractiveness score (Total Attractiveness Score / TAS).

Table 4. QSPM Matrix Strategy Sequence.

| No | Alternative Strategy | TAS | Rating |
|----|---|-----|--------|
| 1. | Maintain product quality to expand reach and target market through the use of <i>digital marketing technology</i> (S 2,3,5,8 & O 1,3,4,5) | 5.1 | 2 |
| 2. | Utilizing social media such as Whatsapp and Instagram as promotional media to build <i>branding awareness</i> to the wider community (S 1 & O 6) | 4.8 | 3 |
| 3. | Optimizing HR skills to improve marketing performance through <i>digital marketing</i> (S 6 & O 7) | 2.8 | 5 |
| 4. | Establish good communication in order to attract more consumers with appropriate product prices and satisfactory service (S 4,7 & O 7) | 4.1 | 4 |
| 5. | Take advantage of the trend of healthy living during the pandemic to promote the health benefits of herbal products (S 2,3 & O 2,4) | 5.3 | 1 |

The calculation of attractiveness scores in the table above showed that the fifth strategy is the highest TAS (Total Attractiveness Scores) value obtained. This strategy has a TAS value of 5.3, so it can be concluded from the QSPM calculation that the best strategy for digital marketing Industry X was to take advantage of the trend of healthy living during the pandemic to promote the benefits of herbal products for health (S 2,3 & O 2,4).

Conclusion

The main internal factors influencing digital marketing activities are the product's strengths and the selection of quality raw ingredients. On the other hand, the weaknesses that need to be addressed are the common understanding of worker technology, only a few employees mastering IT, limited or no digital marketing training, planning for digital marketing activities, and not optimal online marketing management. Meanwhile, the main external factors consist of opportunities for the availability and abundance of raw ingredients. At the same time, the threats that must be anticipated were the number of similar products on the market. Therefore,

the right digital marketing strategy to be applied to Industry X based on the SWOT matrix and QSPM calculations was to take advantage of the trend of healthy living during the pandemic to promote the health benefits of herbal products. The strategy can be applied by creating exciting events regarding health and herbs, both online and offline, for promotion by bringing herbal health specialists to increase public trust in the company's products. Online promotion can be accomplished by developing innovative information about herbal products and their health benefits, as well as presenting public testimonies that have obtained accuracy after consuming Industry X products.

Recommendations

Based on the results of this study, Industry X recommended promoting through social media, Instagram, and Whatsapp. Promotion through social media can be done by creating informative content such as photo and video content containing product descriptions and product advantages, giving discounts or promos, sending broadcast chats, utilizing status/story features, and including detailed and clear product catalogs on social media, and providing interactive customer support. In addition, social media platforms can also be used as a medium to interact with consumers. Good relationships will be created if social media is well-managed and responsive so that consumers will feel satisfied and make purchases or even repeat purchases. Implementation of promotions as often as possible to create branding among the public.

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