

PAPER NAME

**Assessment of Entrepreneurial Marketing**

AUTHOR

**Sudarijati**

WORD COUNT

**6971 Words**

CHARACTER COUNT

**38478 Characters**

PAGE COUNT

**15 Pages**

FILE SIZE

**348.3KB**

SUBMISSION DATE

**Jun 15, 2023 10:20 AM GMT+7**

REPORT DATE

**Jun 15, 2023 10:21 AM GMT+7**

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## ASSESSMENT OF ENTREPRENEURIAL MARKETING PERFORMANCE IN SMALL AND MEDIUM FOOD AND NON-FOOD INDUSTRY IN INDONESIA USING IPA ANALYSIS

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JAM

17, 3

Received, July 2019

Revised, July 2019

August 2019

Accepted, August 2019

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**Abstract:** This study aims to analyze perceptions and expectations on SMIs and establish strategies and policies to develop SMI marketing performance. The sample used in this research was 200 SMIs registered in the Department of Industry and Trade of Bandung. The method used was quantitative methods, survey, and descriptive research. The data was collected through questionnaires and interviews with the Head of the Department of Industry and Trade and the business managers. The tests conducted were validity and reliability test, while the scale used was the Likert Scale. The strategy implementation was analysed using Importance Performance Analysis (IPA). The results of the study show that the performance of food and non-food SMIs could be improved and developed. therefore, SMIs have to do several things, namely developing their marketing goals, developing their marketing areas, setting prices according to the packaging, developing their marketing channels, and maintaining product characteristics. The method of marketing used by the sample is good. The strategies used by food and non-food SMIs lie on the top priority quadrants by making continuous improvements so that the level of marketing performance increases. The sample developed its marketing objectives and marketing areas by taking into account the desires and needs of consumers. The business managers of food and non-food SMIs should: improve their marketing method through concepts, strategies, and market intelligence as well as maximize the use of the internet. Meanwhile, future researchers are suggested to expand research locations and add innovation and creativity variables to obtain better and comprehensive results.

**Keywords:** Marketing Performance, Small and Medium Industries, Food and Non Food, Indonesia, IPA Analysis.

**Cite this article as:** Gemina, D., Sri Harini, and Sudarijati. 2019. *Assessment of Entrepreneurial Marketing Performance in Small and Medium Food and Non-Food Industry in Indonesia Using IPA Analysis*. Jurnal Aplikasi Manajemen, Volume 17, Number 3, Pages 530–544. Malang: Universitas Brawijaya. <http://dx.doi.org/10.21776/ub.jam.2019.017.03.18>



Journal of Applied Management (JAM)  
Volume 17 Number 3,  
September 2019  
Indexed in Google Scholar

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Small and Medium Industry (SMI) plays a big role in industrial and consumer goods. SMI is expected to be a market creator both at domestic

and abroad industry and as one of the important sources for trade and service balance surpluses or balance of payments. To carry out this role, SMIs in Indonesia have to improve themselves; one of which is by increasing competitiveness. SMI has a

very strategic and important role in various aspects. First, its number is large; SMIs can be found in every economic sector. Second, it has greater employment opportunities compared to the same investment in a larger scale business. Third, the contribution of SMIs in Gross Domestic Product (GDP) is quite significant. Fourth, it contributes to the country's foreign exchange with fairly stable export value.

Meanwhile, according to the Ministry of National Industry (2015), the performance improvement of national SMIs, especially the labor-intensive and export-oriented sector, help the government reduce the unemployment rate. The efforts that have been made include creating new business, strengthening certified industrial education, and providing debt-financing for small business (KUR). The Ministry of Industry noted that the creative industry contributed around 42 trillion rupiahs or 7.05 percent of Indonesia's total Gross Regional Income (GDP) in 2015. The biggest contribution came from the culinary sector amounted to 34.2 percent, followed by fashion by 27.9 percent and crafts amounted to 14.88 percent.

According to Law No. 28 of 2008, the aspect which distinguishes between small and medium industries is the number of assets and turnover. Small industries have assets of more than 50-500 million and turnover of more than 300 million-2.5 billion, while medium industries have assets of more than 500 million-10 billion and turnover of more than 2.5 billion- 50 billion (Saiman, L, 2013). While according to BPS, the difference between small and medium industries can be seen from the number of workers. According to BPS (2014), micro-industry has four workers, a small industry has 5-19 workers, and a medium industry has 20-99 workers. A business unit which has more than 99 workers, then it is a big industry (Tambunan, T, 2012).

In general, Small and Medium Industries (SMI) can give a significant contribution to national economic growth. In driving regional development in West Java, especially in the field of technology, SMI plays an important role in expanding business opportunities and employment as well as increasing added value. The potential of *Bandung's* industrial sector, according to the Department of Industry and Trade of *Bandungis* as follows:

Table 1 Potential of Industrial Sector in *Bandung* 2018

No	Criteria	Business Unit (Unit)	Workforce (People)
1	Big Industry	170	11,269
2	Medium Industry	227	7,567
3	Formal Small Industry	172	52,423
4	Non-formal Small Industry	12,266	43,321
<b>Total</b>		<b>15.835</b>	<b>113.580</b>

Source: Department of Cooperatives and SMEs of *Bandung* City, 2019

Based on Table 1 (2018), in *Bandung*, there were 15,835 business units with a total workforce of 113,580 people. Non-formal small industry ranked first with the largest number of 12,266 business units, with a total workforce of 43,321 people. For big industries, there were 170 business units; however, it involves more workers compared to medium industries. This is because in general, big industries are labor-intensive. The activities and the number of products that will be produced by those two industries

are very different. The production process can be sustainable. Improving resources' skills lead to improved process quality; therefore, the services/products can be distributed timely, which will lead to loyal customers. Loyal consumers are willing to pay more, which will ultimately increase corporate profits.

The capital city of West Java Province, *Bandung*, is close to Jakarta, which is very strategic for economic development and growth and has

many SMI. *Bandung* has many superior products to be developed; however, the level of competition faced is very strict, both in terms of quality and quantity. Therefore, local SMIs need to be developed

because they represent the conditions of SMIs in Indonesia. *Bandung* has optimized six industries and trade zones, including:

**Table 2 Data on Industrial Centers in Bandung City**

No	Industry	Address	Sub-district
1	<i>Cigondewah</i> Textile Centre	<i>Cigondewah</i> Street	<i>Bandung Kulon</i>
2	<i>Suci</i> T-Shirt Centre	<i>Surapati</i> Street	<i>Cibeunying Kaler</i>
3	<i>Cibaduyut</i> Shoes Centre	<i>Cibaduyut Raya</i> Street	<i>BojongloaKidul</i>
4	<i>Binong</i> Knitwork Centre	<i>Binong Jati</i> Street	<i>Batununggal</i>
5	<i>Sukamulya</i> Doll Centre	<i>Sukamulya Indah</i> Street	<i>Sukajadi</i>
6	<i>Cihampelas</i> Jeans Centre	<i>Cihampelas</i> Street	<i>Margalaksana</i>

Source: Department of Industry and Trade of *Bandung*, 2019

Six small and medium industries included in the table above greatly contribute to the economy of Indonesia, both in terms of construction (increased

profitability and welfare of the community) and absorbing labor or human resources. Human Resource is one of the key factors in increasing the role of

**Table 3 Food Small and Medium Industries (Snack) in Bandung City**

No	Snack SMIs	Number of Business Unit (Unit)	Number of Workforces (People)	Percentage (%)
1	Pastry	18	160	28.8
2	Cracker	15	178	26.7
3	Tempe Chips	12	124	14.88
4	Cassava Chips	9	74	6.66
5	Banana Sale	8	65	5.2
6	Banana Chips	6	57	3.42
7	<i>Batagor</i>	5	44	2.2
8	Spinach Chips	5	47	2.35
9	<i>Dodol</i>	5	50	2.5
10	Brownies	4	37	1.48
11	Wajit	4	32	1.28
12	Crispy Sweet Potato	4	26	1.04
13	Spring Roll	4	33	1.32
14	Tofu Cracker	3	20	0.6
15	Cheese stick	3	16	0.48
16	<i>Rengginang</i>	2	15	0.3
17	<i>Rempeyek</i>	2	13	0.26
18	Corn Chips	2	10	0.2
19	Chocolate	2	13	0.26
20	<i>Awug</i>	1	7	0.07

Source: Department of Industry and Trade of *Bandung*, 2019 (Processed data)

SMEs. Quality human resources who have skills and high competitiveness are very necessary. One of the potential industries is the snack industry.

The main reference used by SMEs in this study is the Central Bureau of Statistics (BPS) in 2014. Currently, the snack industry in West Java Province, especially in *Bandung* City, is growing very rapidly, especially small and medium industries because they can survive amid the economic crisis. The number of snack SMEs (food) in *Bandung* City, according to BPS, can be seen in Table 3.

Based on Table 3, the average food SMEs employ nine workers, including small industries. The number of food SMEs (snack) in *Bandung* City can be classified according to the type of food and the number of workers. Pastry industry has the most business units (18 out of 114 business units), while the one employs the most workers is the cracker industry (178 out of 1021 workers). Behind the big role of small and medium businesses or small and medium industries (SME/ SME) for the national economy, this sector is still facing several obstacles in the business world. It is shown in Table 4 below:

**Table 4 Obstacles to the Development of SME/ SME**

No	Obstacle	Percentage (%)
1	Rare raw materials	23.75
2	Limited marketing scale	16.96
3	Production technique	3.07
4	Competition with another business unit in a similar sector	15.74
5	Capital	40.48
<b>Total</b>		<b>100</b>

Source: <http://www.depke.go.id> downloaded on Wednesday 16-04-2014 23:30 (processed data).

Based on Table 4, the biggest obstacle faced by SMEs is in the capital aspect, reaching 40.48 percent, which shows that all SMEs are still in need of direct training from the government. It is indicated by the performance of those SMEs, which is not optimal. So far, they cannot access financing facility to conduct their business (for micro-business) and resources to expand their business capacity (for the

small and medium business). To get capital from various sources, SMEs have to show good performance.

SMEs play an active role in improving a country's economy, not only in Indonesia but also in developing countries. SMEs help the community live a prosperous life by providing jobs, trade transactions, create added value for consumers (household) and increase regional income through tax (paid by SMEs), improve the welfare of the most of Indonesians (pro-poor), potential and its strategic role is to support the strength and growth of the national economy (pro-growth). SMEs play roles in development, expanding business opportunities for new entrepreneurs, and Reducing unemployment (pro job).

The entrepreneurial marketing approach is an appropriate concept approach in terms of resource constraints, and the problems exist at SMEs (Stokes, D, 2000). By using the entrepreneurial marketing approach, small entrepreneurs can create a business which is more focused on achieving the goals that have been set before. The results of market analysis will be used as a basis for developing new products and services in response to consumer needs. According to Hills et al. (2011), entrepreneurial marketing is passion, orientation and process to capture opportunities enthusiastically and develop businesses that create customer value through innovation, creativity, sales, market exploration, networking, and flexibility. Maritz and Plessis (2011) stated that entrepreneurial marketing is the identification and exploration of proactive opportunities to obtain and retain appropriate stakeholders through innovative risk management approaches, resource leverage, and value creation. On the other hand, according to Ionita (2012), entrepreneurial marketing is a series of processes to create, communicate, and send values guided by effectual logic. It is used in a business environment with a high degree of uncertainty.

A research which was conducted by Hultman et al. (2008) resulted in entrepreneurial interpretations in marketing, including: (1) consumer orientation versus innovation orientation. Managers and business owners argue that change is more often triggered by new ideas or the pressures of compe-

tition, not the needs of consumers, which can be found certainly. The business is not conducted based on market analysis, but through intuitive feelings about something that needs to do; (2) creativity and innovation in product and service development is the key of marketing method conducted by successful entrepreneurs (not through careful research about the needs of consumers). A research conducted by Foreman-Pick et al. (2006) showed that the performance of marketing and entrepreneurship in small businesses could be measured from sales and profit growth.

Its role and potential in the national economy show that SME is an independent and strong business player, both in normal and crisis conditions; therefore, SMI is the heart of the people's economy and the pioneers of the growth of the economy. Due to its potential and objective conditions, SMIs can foster the national economy. The important aspects of marketing are examined in the context of entrepreneurship to see how marketing theory fits into entrepreneurship in real life. This is in line with the opinion of Kotler (2008) that the concept of marketing conducted by entrepreneurs is different from the concepts put forward in conventional marketing. Different behavioral assumptions underlie the theoretical concepts of marketing and entrepreneurship.

Entrepreneurial marketing is an appropriate concept in terms of limited resources and problems that exist in SMIs. By using the entrepreneurial marketing approach, business managers can create a business condition which is focused on achieving the goals that have been set before. Entrepreneurial marketing consists of concepts, strategies, methods, and market intelligence (Hill and Wright, 2000; Stokes, 2000; Morris et al, 2002).

Entrepreneurial marketing is creating and delivering goods and services to customers through promotion (communicating and conveying value to customers) via the internet (global scope) or communication network that is always active (marketing on websites or e-commerce) 24/7/365 (24 hours a day, 7 days/ week and 365 days/ year) such as YouTube or other social media (the internet, e-mail or cell phone networks, Twitter, and others).

Small industry experienced an increase from 2014 (3.32 million business units) to 2017 (4.49 million business units). It means that 970 thousand small industrial units have been emerged within three years (Kompas, Monday, October 29, 2018). Developing SMEs to digital era through e-Smart program encourage SMIs to market their products in the marketplace through e-Smart (a database system presenting profiles, centers, and SME products). E-Smart can guarantee products, safety, and standard-

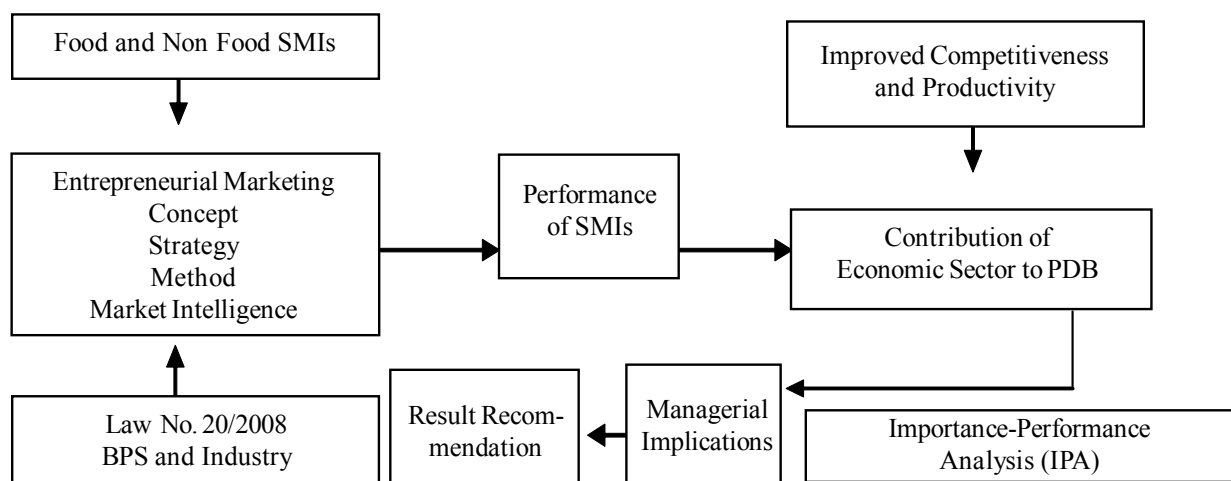


Figure 1 Conceptual Framework

ization. SMIs cooperate with domestic marketplaces such as *Bukalapak*, *Tokopedia*, *Blibli*, *Shopee*, *Blanja.com*, *Ralali*, and *Gojek* Indonesia. E-Smart program aims to ensure that the domestic marketplace is not dominated by imported products. Also, domestic SMIs are expected to expand their markets across the world to increase their business competitiveness and productivity.

The role of entrepreneurs in the economic world states that entrepreneurial marketing has a more prominent role in marketing theory. Such an evolution will lead to greater convergence between entrepreneurial marketing and mainstream marketing (Hills and Hultman, 2011). The conceptual framework model of the relationship between variables in this study is presented in Figure 1.

The objectives of this study are to analyze the perceptions and expectations of food and non-food SMIs and to establish strategies and policies to de-

velop the performance of entrepreneurial marketing of food and non-food SMEs.

**METHOD**

**Research Design**

This research was conducted to obtain information about entrepreneurial marketing in *Bandung*; performance and expectations of SMIs as well as the application of its strategy. Qualitative and quantitative research methods (survey and descriptive approach) take samples from one population and use a questionnaire as a data collection instrument (Source: Masri Singarimbun and Sofian Efendi, 2011). The researcher conducted in-depth interviews with the Head of the Department of Industry and Trade of *Bandung* City and business managers to complete the analysis. The operation of variables is presented in the following Table 5.

**Table 5 Operation of Variables**

Variable	Concept of Variable	Indicator	Measurement Scale			
			Expectation	Score	Perception (Performance)	Score
Entrepreneurial Marketing (Source: Skotes, 2000)	Small entrepreneurs can build a business condition/atmosphere that is focused on achieving the goals that have been set.	- Concept	Very Important	5	Very Good	5
		- Strategy	Important	4	Good	4
		- Method	Pretty Important	3	Pretty Good	3
		- Market Intelligence	Less Important	2	Not Good	2
			Not Important	1	Bad	1

**Sample**

This study collected data through questionnaires. According to Frankel, J and Wallen, N (1993), the descriptive study should take at least 30 samples per group; therefore, to meet this requirement, this research took 200 samples (100 food SMIs and 100 non-food SMIs). Those samples were taken based on subjective reasons (judgment); those SMIs are classified based on the use of their workforce. The source of input, the marketing channels, and human resources are controlled (Department of Cooperatives, Industry, and Trade of *Bandung* City, 2017).

**Data Analysis**

Data collected through questionnaires will be processed using qualitative and quantitative approach (Sugiyono, 2014). The type of questionnaire used was a closed questionnaire with an ordinal scale. Because the measurement scale in the data collected is still an Ordinal Scale, then it is changed to a *Likert* Scale for data analysis. This study used the Importance and Performance Analysis (IPA) technique. The application of IPA techniques begins with the identification of attributes that are relevant to the observed situation using managerial judgment. In this study, there are 2 (two) variables

represented by Y (expectation/ interests of SMIs) and X (assessment /performance of SMIs) (Darmadi Durianto et al., 2001). The strategies can be carried out by food and non-food SMIs in Bandung to improve the competitiveness and productivity of their businesses (Rangkuti, 2003).

**RESULTS**

Nowadays, the development and growth of the Small and Medium Industry (SMI) of Bandung City are inseparable from commitments, policies, and government programs on an ongoing basis so that SMIs can develop sustainably and be highly

competitive; therefore, they can compete in national and international markets. Snack SMIs (food) in Bandung can absorb a significant amount of labor and encourage the establishment of supporting industries, such as food processing industry and the packaging industry, which manufactures packaging of a product from various materials (plastic, paper, glass, and others).

**Description of Business Managers**

Most of the business managers are married men. Recapitulation of the characteristics of food business managers is as follows:

**Table 6 The Characteristics of the Business Managers of Food SMIs**

No	Characteristic	Characteristic of Business Managers	Percentage (%)
1	Age	38 – 45 years old	61
2	Education	High School/ Equivalent	59
3	Length of Business Operation	>10 Years	59
4	Revenue/Sales/Year	<300 Million Rupiahs	67
5	Business License	Have a Business License	66
6	Number of Workforce/ Employees	5 - 19 People	64
7	Amount of Wealth	50 Million Rupiahs – 100 million Rupiahs	58
8	Join Entrepreneur Association	No	68
9	SMI's revenues/ month	Rp 50.000.000 – Rp 99.000.000	56
10	Profit	Rp 10.000.000 – Rp 49.000.000	60
11	SMI have many brands	It has brands	59

Source: Processed Primary Data, 2018

Based on Table 6, the majority of business managers (1) aged 38 - 45 years old (61 percent); (2) their last education is senior high school/ equivalent (59 percent); (3) their businesses have been running for more than 10 years (59 percent); (4) their annual income or sales turnover is less than Rp 300,000,000 (67 percent); (5) have a business license (66 percent); (6) the number of workers ranges from 5-19 people (64 percent); (7) do not join entrepreneur association (68 percent); (8) earn a monthly income of between Rp 50,000,000 - Rp 99,000,000 (56 percent); (9) obtain a profit of Rp 10,000,000 - Rp 49,000,000 (60 percent); (10) and have their trademark (59 percent). The characteristics of non-food

SMI business managers are presented in the following Table 7.

Based on the Table 7, the majority of business managers (1) aged 36-45 years old (70 percent); (2) their last education is senior high school/ equivalent (70 percent); (3) their businesses have been running for more than 10 years (64 percent); (4) their annual income or sales turnover is more than Rp 300,000,000 (67 percent); (5) have a business license (100% percent); (6) the number of workers ranges from 5-19 people (72 percent); (7) the amount of wealth by 100-500 million rupiahs (52 percent); (8) do not join entrepreneur association (74 percent); (9) earn a monthly income of between



Table 7 Characteristics of Non-Food SMI Business Manager

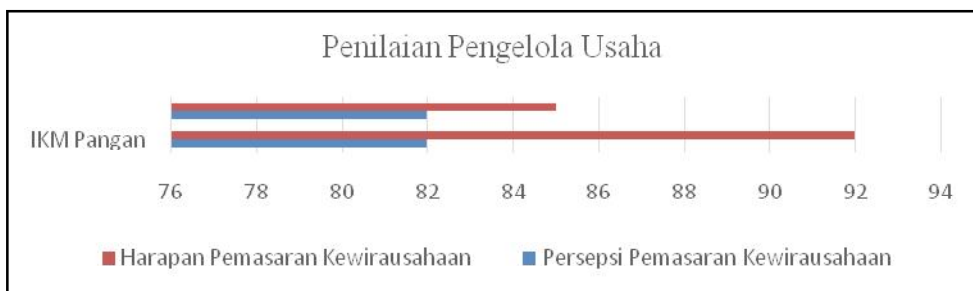
No	Characteristics	Characteristic of Business Managers	Percentage (%)
1.	Age	36-45 Years Old	70
2.	Education	Senior High School/ Equivalent	70
3.	Length of Business Operation	>10 Years	78
4.	Revenue Sales/Year	< 300 Million Rupiahs	64
5.	Business License	Have a Business License	100
6.	Number of Workforce/ Employees	5 – 19 People	72
7.	Amount of Wealth	100–500 Million Rupiahs	52
8.	Join Entrepreneur Association	No	74
9.	SMI’s revenues/ month	50–99 Million Rupiahs	62
10.	Profit	10–49 Million Rupiahs/ Months	68
11.	Patent	Have Patent	84

Source: Processed research data, 2018

Rp 50,000,000 - Rp 99,000,000 (62 percent); (10) obtain a profit of Rp 10,000,000 - Rp 49,000,000 (68 percent); (11) and have their trademark (84 percent).

**Assessment of Business Managers on Entrepreneurial Marketing**

Assessment of Business Managers on Entrepreneurial Marketing is presented in the following figure:



Source: Processed research data, 2018

Figure 2 Assessment of Business Managers on Entrepreneurial Marketing

The expectation in entrepreneurial marketing is higher than the perception/ performance in both food and non-food SMIs. Therefore, entrepreneurial marketing needs to be improved more intensively. Entrepreneurial marketing is an organizational function and a set of processes to create, communicate, and deliver value to customers and to manage customer relationships in such a way that benefits the organization and stakeholders. It should be innovative, intelligent risk-taking, proactive and working without current resources controlled.

**Validity and Reliability Test of Research Instrument**

The calculation results show that the questionnaire items used in this study are valid. This is indicated by the value of  $r_{count}$  on each item greater than  $r_{table}$  (0.300), meaning that all items have a good level of validity; therefore, it can measure concepts, strategies, methods and market intelligence under study (Saifuddin, Azwar, 1997).

Reliability Test is a measure of score consistency achieved by the same person on different

occasions; the most important thing is the extent to which the results of a measurement can be trusted. Based on the results of calculations using Alpha method, the questionnaire of each variable can be obtained. The reliability value obtained is greater than the critical value (0.7) for each variable of entrepreneurial marketing on performance and reliable expectations (Arikunto, 2005).

**Analysis of Performance and Expectation of Food and Non-Food SMIs Using Entrepreneurial Marketing Approach**

The marketing activity of food SMIs is based on performance and the following expectations:

**Table 8 Performance and Expectations of SMIs Food Marketing Approach Entrepreneurship**

No	Entrepreneurial Marketing	Performance	Expectation
<b>Concept</b>			
1	Entrepreneurs/ business managers can make product innovation (taste, quality, packaging)	4.34	4.93
2	Entrepreneurs/ business managers can make innovation in marketing (selling method, distribution, marketing, advertising)	4.25	4.82
3	Entrepreneurs/ business managers have the intensity of product diversification (product creation, production process, research, and development)	4.00	4.56
4	Entrepreneurs/ business managers have the frequency of information seeking of new products	3.92	4.80
5	Entrepreneurs/ business managers have various products	4.22	4.88
6	Entrepreneurs/ business managers have an intensity of producing various products/ make technical innovation (design, supervision, implementation)	4.30	4.77
7	Entrepreneurs/ business managers can read the market opportunity	4.31	4.85
8	Entrepreneurs/ business managers make innovation in administration (data storage, construction and data collection)	3.98	4.77
<b>Strategy</b>			
9	Entrepreneurs/ business managers follow the taste or trend of the market	4.12	4.82
10	Entrepreneurs/ business managers have an intensity of marketing expansion to a new area with the same characteristics	3.99	4.70
11	Entrepreneurs/ business managers pay much attention to their business and consumers	4.09	4.69
12	Entrepreneurs/ business managers can consider risk taking	4.19	4.75
13	Entrepreneurs/ business managers focus on business opportunity	4.03	4.60
14	Entrepreneurs/ business managers pay attention to consumer/customer intensity	3.89	4.58
15	Entrepreneurs/ business managers can utilize all resources they have well	4.12	4.71
16	Entrepreneurs/ business managers create values on their businesses	4.07	4.67
<b>Method</b>			
17	Entrepreneurs/ business managers can communicate with new costumers well	4.05	4.60
18	Entrepreneurs/ business managers can improve their communication with old customers	4.23	4.62
19	Entrepreneurs/ business managers can communicate with old customers	4.20	4.73
20	Entrepreneurs/ business manager treat customers well	4.23	4.69
21	Entrepreneurs/ business managers conduct effective and efficient marketing technique	3.85	4.54

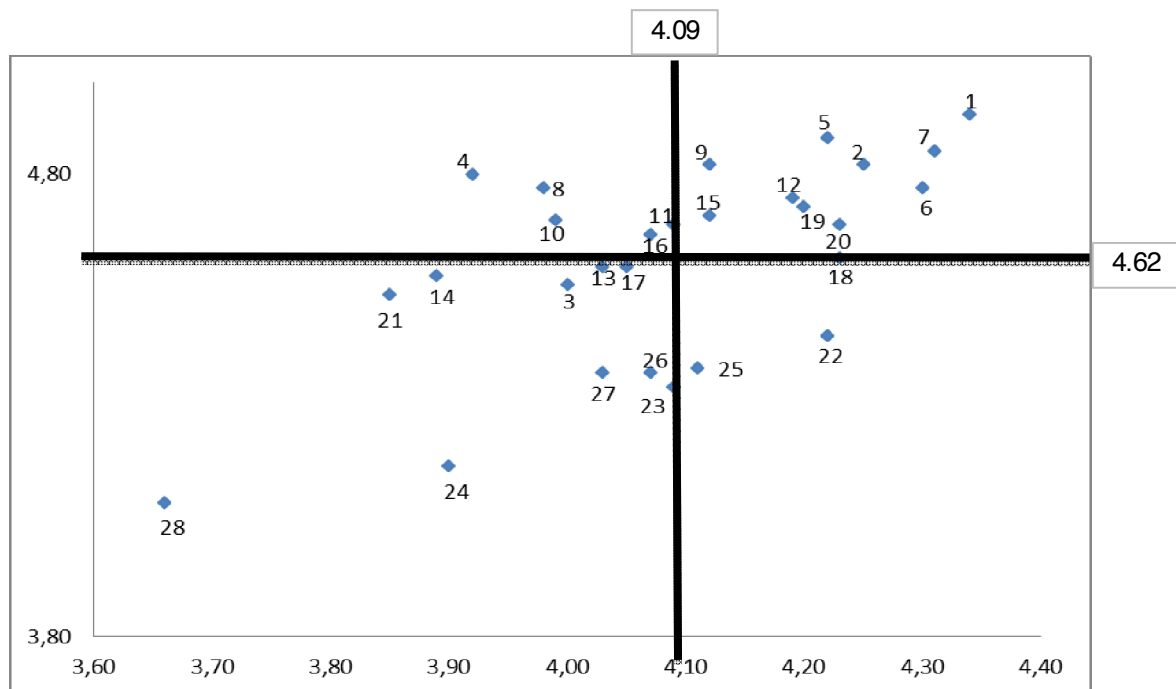
**Market Intelligence**

22	Entrepreneurs/ business managers can communicate with suppliers well	4.22	4.45
23	Entrepreneurs/ business managers have a good informal relationship with governmental institution	4.09	4.34
24	Entrepreneurs/ business managers have a good informal relationship withbig entrepreneurs	3.90	4.17
25	Entrepreneurs/ business managers look for information on business development actively	4.11	4.38
26	Entrepreneurs/ business managers identify and determine market target	4.07	4.37
27	Entrepreneurs/ business managers identify the desire and needs of customers	4.03	4.37
28	Entrepreneurs/ business managers conduct marketing activities through (It is very effective to reach all markets)	3.66	4.09
<b>Average</b>		<b>4.09</b>	<b>4.62</b>

Source: J.Supranto (2000) andprocessed data, 2018

The average expectation of food SMIs in entrepreneurial marketing is higher than its performance. Values which have been obtained are then inputted into Important and

Performance Analysis (IPA) diagram of food SMIs using entrepreneurial marketing approach based on the following performance and expectations:



Source: Darmadi Durianto, et al (2001)

**Figure 3** *Important and Performance Analysis (IPA) Diagram Performance andExpectation of Food SMIs Using Entrepreneurial Marketing Approach*

**Note:**

KUADRAN 1	4,10,11,16
KUADRAN 2	1,2,5,6,7,9,12,15,19,20
KUADRAN 3	3,13,14,17,23,24,26,27,28
KUADRAN 4	18,22,25

Entrepreneurial marketing of non-food SMIs based on performance and expectations is presented in the following table:

**Table 9 Performance and Expectation of Food and Non-Food SMIs Using Entrepreneurial Marketing Approach**

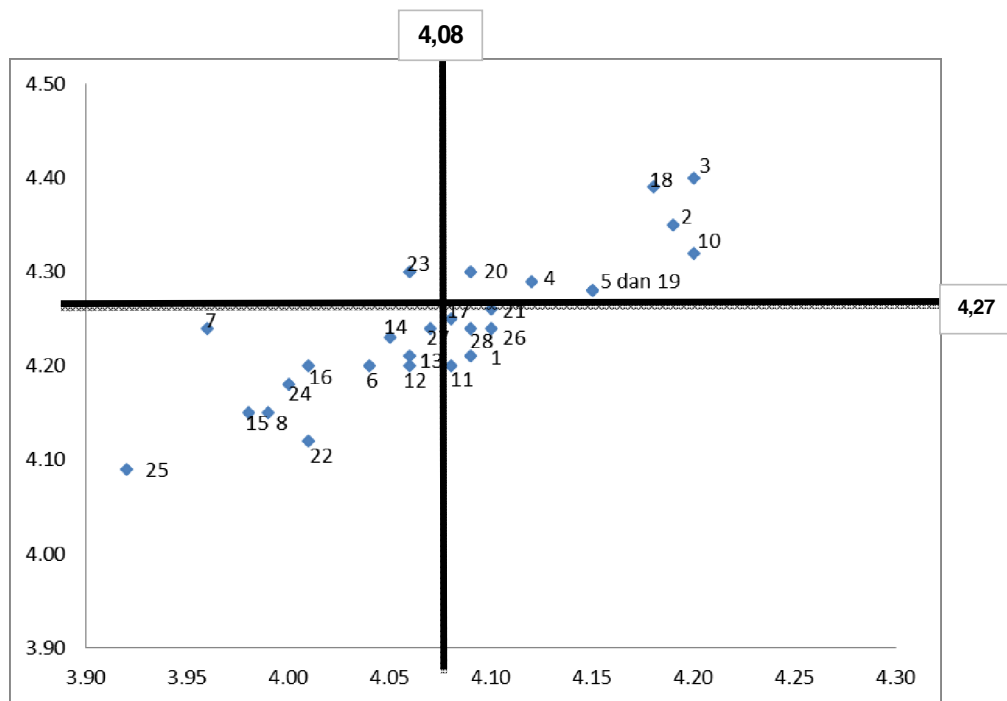
No	Entrepreneurial Marketing	Performance	Expectation
1	Entrepreneurs/ business managers can make product innovation (taste, quality, packaging)	4.09	4.21
2	Entrepreneurs/ business managers can make innovation in marketing (selling method, distribution, marketing, advertising)	4.19	4.35
3	Entrepreneurs/ business managers have an intensity of product diversification (product creation, production process, research, and development)	4.20	4.40
4	Entrepreneurs/ business managers have the frequency of information seeking of new products	4.12	4.29
5	Entrepreneurs/ business managers have various products	4.15	4.28
6	Entrepreneurs/ business managers have an intensity of producing various products/ make technical innovation (design, supervision, implementation)	4.04	4.20
7	Entrepreneurs/ business managers can read the market opportunity	3.96	4.24
8	Entrepreneurs/ business managers make innovation in administration (data storage, construction and data collection)	3.99	4.15
<b>Strategy</b>			
9	Entrepreneurs/ business managers follow the taste or trend of the market	4.34	4.92
10	Entrepreneurs/ business managers have an intensity of marketing expansion to a new area with the same characteristics	4.20	4.32
11	Entrepreneurs/ business managers pay much attention to their business and consumers	4.08	4.20
12	Entrepreneurs/ business managers can consider risk taking	4.06	4.20
13	Entrepreneurs/ business managers focus on business opportunity	4.06	4.21
14	Entrepreneurs/ business managers pay attention to consumer/ customer intensity	4.05	4.23
15	Entrepreneurs/ business managers can utilize all resources they have well	3.98	4.15
16	Entrepreneurs/ business managers create values on their businesses	4.01	4.20
<b>Method</b>			
17	Entrepreneurs/ business managers can communicate with new costumers well	4.08	4.25
18	Entrepreneurs/ business managers can improve their communication with old customers	4.18	4.39
19	Entrepreneurs/ business managers can communicate with old customers	4.15	4.28
20	Entrepreneurs/ business managers treat customers well	4.09	4.30

21	Entrepreneurs/ business managers conduct effective and efficient marketing technique	4.10	4.26
<b>Market Intelligence</b>			
22	Entrepreneurs/ business managers can communicate with suppliers well	4.01	4.12
23	Entrepreneurs/ business managers have a good informal relationship with governmental institution	4.06	4.30
24	Entrepreneurs/ business managers have a good informal relationship with big entrepreneurs	4.00	4.18
25	Entrepreneurs/ business managers look for information on business development actively	3.92	4.09
26	Entrepreneurs/ business managers identify and determine market target	4.10	4.24
27	Entrepreneurs/ business managers identify the desire and needs of customers	4.07	4.24
28	Entrepreneurs/ business managers conduct marketing activities through (It is very effective to reach all markets)	4.09	4.24
<b>Average</b>		<b>4.08</b>	<b>4.27</b>

Sumber: Processed data, 2018

The average expectation of non-food SMIs in entrepreneurial marketing is higher than its performance. Values which have been obtained are then input into the Important and Performance Analysis

(IPA) diagram of non-food SMIs using entrepreneurial marketing approach based on the following performance and expectations:



Source: Darmadi Durianto et al. (2001)

**Figure 4** Important and Performance Analysis (IPA) Diagram Performance and Expectation of Non-Food SMIs Using Entrepreneurial Marketing Approach

**Note:**

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QUADRANT 1	23
QUADRANT 2	2,3,4,5,10,18,19,20
QUADRANT 3	6,7,8,12,13,14,15,16,22,24,25,27
QUADRANT 4	1,11,17,21,26,28

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**DISCUSSION**

**Environment Aspect for SMIs**

Food and non-food SMIs barely produce any waste both small and medium industries. The resulting solid waste can be used as fertilizer or animal feed. Meanwhile, liquid waste (waste wash water) and solid waste (products or packaging) are not classified as B3 category. Liquid waste is just channeled directly into the sewer, while solid waste is thrown to a temporary landfill (TPS) and then transported to a landfill (TPA). Rapid environmental changes in food and non-food small businesses need to be anticipated by SMIs quickly. Anticipating environmental change can be done through various activities such as training to improve management skill, developing product innovations, etc.

**Efficient Technology for SMIs**

Efficient technology (TTG) for food and non-food SMIs is in accordance with the conditions, time, space, accessible and understandable for the users (community). The development of efficient technology requires the support of science and technology. Effective and efficient raw materials (the quality of raw materials to be processed), production processes and packaging create good products which attract society. Physical management includes heating, freezing, drying, and preserving (using salt, sugar, and acids), while chemical treatment is done by adding enzymes and chemical substances in food processing. The technology used by food and non-food SMIs in the production process should be easy, inexpensive, and flexible (can be modified); therefore, the users should master the technology to be adopted.

**Capital and Subject of Business Managers**

Based on the capital used, industries with domestic investment (PMDN) obtain capital support

from the government or national (domestic) entrepreneurs. For example, the craft industry (non-food), tourism industry, and the food and beverage industry (food). The managers, including people's industries that are managed and belong to the people, for the example, furniture industry, snack industry (food), and handicraft industry (non-food). The government should support SMIs in terms of finance (capital) so that they can access financial institutions and get capital easily. The managers of SMEs should have a good sight of entrepreneurial aspects; it helps the business managers.

**Assessment of Entrepreneurial Marketing in food SMIs**

Food SMIs carry out entrepreneurial marketing by improving their speed, change, adaptability, and targeting customers and other groups that affect customers. Food SMIs identify and determine the target market, and spread messages and rumors about the product through the honest review (by the customers themselves voluntarily) to gain new customers. Marketing through websites provides opportunities for business managers because it is very effective to reach high-income and educated young customers. Factors located in quadrant one need to be improved so that they can have high competitiveness and productivity.

Furthermore, the business managers of food SMIs need to maintain their achievements. Food SMIs can reconsider the improvement, but if their attributes are not eliminated, quadrant three must be managed seriously. Therefore, it is necessary to allocate resources related to these factors to other factors that have higher priorities (really need to be improved). Entrepreneurial marketing will directly affect business performance (Birley, S, 2007). Entrepreneurial marketing will lead business managers to conduct a comprehensive evaluation to determine appropriate policies and improve business performance (Carson, Davis and Cromie, S, 2007). Foreman Dick et al. (2006) stated that the performance of marketing and entrepreneurship in small businesses could be measured from sales and profit growth.

### Assessment of Entrepreneurial Assessment in Non Food SMIs

Non-food SM business managers create good informal relations with governmental agencies by communicating innovatively and effectively. Prioritize governmental agencies so that the Department of Cooperatives, Industry, and Trade of *Bandung* and business associations provide Halal and IPR (Intellectual Property Rights), certificates and trademarks as well as packaging design based on the Regional Revenue Expenditure Budget (APBD) of West Java Province.

Furthermore, the business managers of non-food SMIs have to ensure that they maintain their achievements (show good performance). Therefore, they do not need to prioritize or pay too much attention to the factors in the third quadrant. They need to allocate resources related to these factors to other factors that have higher priorities (still need improvement). Entrepreneurial marketing through websites provides many opportunities for entrepreneurs and lead to competitiveness. Website is very effective to reach young customers who are educated and have a high income. Good websites are easy to navigate, interactive, and offer more value to the users (Scarborough et al., 2009).

### Analysis of Performance Strategy Implemented in Food and Non-Food SMIs

The strategies that can be applied to food and non-food SMIs are in line with the IPA diagram below:

1. Quadrant I Top Priority (low importance and high performance)  
To improve the performance, food and non-food SMIs make continuous improvements so that the level of entrepreneurial marketing in this quadrant will increase.
2. Quadrant II Maintain Performance (high importance and high performance)  
The strategy set in this quadrant is to maintain it continuously so that the performance is not deprived because the entrepreneurial marketing included in this quadrant excels at food and non-food SMEs.

3. Quadrant III Low Priority (low importance and low performance)  
The strategy in this quadrant can reconsider its increase. However, entrepreneurial marketing is not eliminated, so this quadrant should be managed thoroughly because the decline in of food and non-food SMEs usually starts from this quadrant
4. Quadrant Exaggerated IV (high importance and low performance)  
The strategy that must be applied is evaluating all excessive activities in order to find which parts which must be maintained and which parts must be reduced to save the costs

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusions

Based on the discussions above, to improve and develop the performance, food and non-food SMIs should do several things, namely: developing marketing objectives, developing their marketing areas, setting the selling prices according by considering the packaging process, developing marketing channels, maintaining product characteristics, developing various options products and noting the desires and needs of consumers.

The method of entrepreneurial marketing (interactive marketing through direct sales and word of mouth) is good. The strategy for food and non-food SMEs in the top priority quadrant is to make continuous improvements so that the level of entrepreneurial marketing performance in this quadrant will increase. Business managers can utilize the resources they have, communicate with old consumers/ customers. They should treat their customers well.

### Recommendations

The managers of food and non-food SMEs need to improve entrepreneurial marketing through concepts (innovation-oriented through ideas), strategies (setting target markets) and market intelligence (applying alternative methods, networking and information acquisition informally). Advances in tech-

1  
nology in developed countries have led to changes in lifestyle and trends, so business managers should respond and adjust by maximizing the use of the internet to capture these opportunities. Future researchers should expand the research scope and adding more variables (innovation and creativity) to obtain better and comprehensive results.

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