

PROPOSED MARKETING STRATEGY TO INCREASE REVENUE OF PT. XYZ IN TEXTILE INDUSTRY

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ABSTRACT: This research is intended to help PT. XYZ to be able to compete in the textile and textile product industry sector and to increase revenue by increasing sales results. Researchers conducted an analysis both internally and externally on PT. XYZ to analyze the company's situation. The internal analysis conducted by the researcher included segmenting, targeting, and positioning analysis, then continued with the analysis of resources and capabilities and also an analysis of the marketing mix. The external analysis carried out by the researcher includes PESTEL analysis, Porter's Five Forces analysis, and competitor analysis. Apart from internal and external analysis, this study also uses a SWOT analysis. This study used qualitative methods and data collection was carried out by means of interviews and research observations. This research has several limitations, namely this research is focused on the marketing aspect and is a case study in the textile industry and textile products sector. This interview uses open and unstructured questions to see their views and experiences. Based on the root cause analysis, there are several causes, namely low technology resources, lack of research and development, lack of relationship building, lack of marketing and sales strategies, lack of corporate branding, low purchasing intentions, the economic impact of the COVID-19 pandemic, low government support, regulation during the COVID-19 pandemic, a declining textile market, and volatile sales performance.

KEYWORDS–Textile and textile products industry, marketing, COVID-19 pandemic

I. INTRODUCTION

PT. XYZ has been in the textile industry for thirty years and has become a major player in the textile market. In developing its business, PT. XYZ has developed several variants of fabrics for various needs, both for uniforms and for the industrial needs.

Companies are also required to create marketing strategies to gain market, be competitive with other competitors in similar industries, and maintain a relationship with customers. Apart from producing their own fabric, PT. XYZ also receives services for fabric subcontracting from other companies to be dyed according to customer requests.

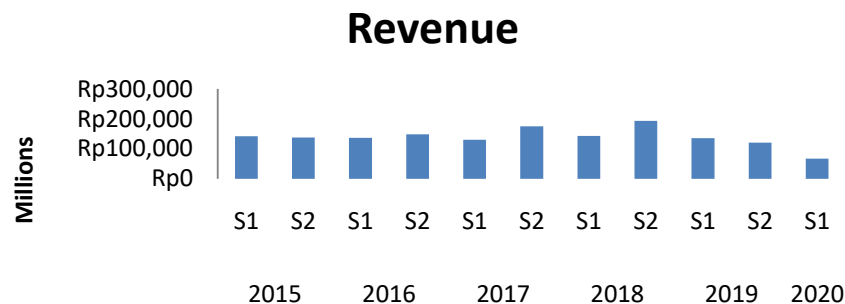


Figure 1 PT. XYZ Revenue from 2015 until 2020

In Figure 1 illustrates the decrease in revenue of PT. XYZ in 2019 and 2020. Since revenue is a strong indicator for the company's performance and sustainability, the downward trend of revenue from 2019 is an ongoing concern. Additional factors such as changing government regulations, or a lack of marketing strategies also contributed to the decline in revenue. These factors would be further elaborated in the paper.

II. LITERATURE REVIEW AND BUSINESS ISSUES

2.1 Business Analysis

Business analysis consists of two environments, external environment and internal environment. The external environment can be divided into two categories depends on the scope of the environment, macro-environment and micro-environment. The result of the external environment analysis is identifying potential

opportunities and threats of the company. As for the internal environment analysis, the result is identifying strengths and weaknesses in the company.

2.1.1 Internal Analysis

1. Segmenting, Targeting, and Positioning (STP) Analysis

Market segmentation, targeting, and positioning can help companies to build a marketing strategy to face competition in the market (Kotler& Keller, 2016). By using STP, PT. XYZ can identify the market segment effectively to satisfy the target market.

Segmenting

Market segment consists of groups of consumers who have the same needs and wants. Therefore, companies need to identify their market segment and decide which one their target market. Market segment of PT. XYZ is a buyer who needs premium uniform fabrics both in the domestic and foreign markets. Market segment of PT. XYZ can be divided based on needs as well as by industry. Usually PT. XYZ sells its products to other businesses or on a business-to-business basis because PT. XYZ is in the middle stream of the textile and textile products industry.

Table 1 Segmentation of PT. XYZ

Segmentation Base	Brief Explanation	Segments
Geographic	Location or region	Foreign and domestic market
Needs	Consumer needs or special requests	Reseller, government, police, army, garment
Industry	Industries that require special fabrics	Automotive and cigarette industry

a) Targeting

The target markets of PT. XYZ are as follows:

- Resellers and distributors in Indonesia, usually garment companies.
- Overseas market located outside of Indonesia.
- Organizations which are direct users of the products, such as the police or army force (domestic and overseas).
- Fabrics for industrial uses.

b) Positioning

Positioning PT. XYZ is currently at the premium level because of the price and the quality of the product that company offer to the market. Different positioning and PT. XYZ has a fairly strong positioning because in the industrial market segment where competitors who play to supply raw materials to automotive and cigarette companies tend to be very few.

2. Resource and Capabilities Analysis

Resources in the economy can be defined as services or other assets that are used to produce goods or services to meet human wants and needs (McConnell, et al, 2011). Meanwhile capability is the capacity, material, and expertise in the company to perform their core business. So resource and capability can be said as services or other assets that are used to produce goods in accordance with the company's capabilities. Resources can be categorized into two types, namely tangible and intangible resources (Berry, 2004).

a) Tangible Resource

Tangible resources are fixed or current assets owned by the company. Tangible resources owned by the company in the form of machines, land, buildings, and manufactured goods are assets that can be measured and have value. Currently, PT. XYZ has three warping machines, two sizing machines, 110 air jet loom machines, one singeing machine, one de-sizing machine, one mercerized machine, one thermo-fix machine, two dyeing machines, three jet dyeing machines, one sanforized machine, and two stenter machines. Machines owned by PT. XYZ, especially machines for dyeing and finishing, are quite old because they are about 30 years old and still not fully automated. PT. XYZ also has other assets in the form of six transport cars used to deliver goods, waste water treatment facilities, compressors, and generators to support production.

b) Intangible Resource

Intangible resources are assets that do not have a physical form such as goodwill, patents, trademarks, and others. PT. XYZ currently has three trademarks which are the result of cooperation with customers and a work culture that has adopted the ISO 9001: 2015 management system.

For capabilities, currently PT. XYZ has a greige fabric production capacity of up to 1.5 million meters per month and a dyeing and finishing capacity of up to 1.2 million per month. In addition, PT. XYZ also has experts in the textile field to produce high quality fabrics.

3. Marketing Mix (4P)

Marketing mix is the foundation model of a business consisting of product, price, place, and promotion. Marketing mix is a tool used by companies to achieve marketing objectives in the target market (Kotler& Keller, 2016).

a) Product

PT. XYZ provides a variety of uniform and industrial fabrics for consumer needs. PT. XYZ provides fabrics ranging from polyester viscose blended, polyester cotton blended, cotton, and industrial fabrics. Polyester viscose fabrics usually consist of 65% polyester and 35% rayon, making them comfortable enough for everyday use. For polyester cotton blended fabrics usually consist of 65% polyester and 35% cotton and are usually used for high-end fabrics such as army and police uniforms. Cotton fabrics consists of 100% cotton is usually used in the shoe industry, fire fighter uniforms, and the cigarette industry. For industrial fabrics it is usually used as raw material in the automotive industry and other manufacturing industries. PT. XYZ also has good service quality, for example if a customer has a complaint that goods are not as requested, then the customer can return the item and it will be replaced with a new one.

b) Price

Fabric prices from PT. XYZ have a price range starting from Rp 30,000 to Rp 70,000 depending on the materials used and also the demand from consumers. High prices due to the material and dyestuff used by PT. XYZ are the best material currently on the market.

c) Place

PT. XYZ sells its products both to foreign markets as well as to domestic markets. For foreign markets, PT. XYZ sells its products to Malaysia, Singapore, Japan, South Korea, Italy, Iran, and others. While for the domestic market, PT. XYZ has resellers in Jakarta and Bandung and also accepts orders for other domestic markets. PT. XYZ has a head office and factory on Jalan Raya Rancaekek, Sumedang and also a marketing office in Jakarta.

d) Promotion

Like other companies engaged in the same industry, PT. XYZ relies on sales with direct and indirect sales, websites, and also relationships with consumers that have been running for a long time.

2.1.2 External Analysis

External environment is one of the factor outside which can effect company's business activity. In the external environment analysis, the company sorts the global problems which can be faced by company. For the development of the marketing strategy, external analysis is needed not only to identifying and analysis of opportunities and threats, but also for defining where and what of the results the analysis is used.

1. PESTEL Analysis

a) Political

Politics is one of the elements that cannot be separated from business and economy because of their interdependent. Political environment of the country has influence on the economics of the country and affecting business activities. On the other hand, country's economic situation can also influence political condition of the country. Political elements that can influence the economic situation are government regulation, policy, and political stability of the country.

In the last few years, imported goods entering Indonesia are unstoppable. Good economic growth and a large population make the Indonesian market a popular target market for other countries. The rapid development of digital technology makes it very easy for Indonesians to buy goods from abroad without having to travel directly and the business world is experiencing difficult conditions, especially the domestic textile business which is starting to sink. Safeguard investigation was an attempt made to determine whether increased import products are causing, or is threatening to cause, serious injury to a domestic industry.

b) Economic

Economic development of the country is expected to have a high real value, especially the ability of national economy to increase in Gross Domestic Product (GDP) per capita as the indicator. According to Seidman (2005), economic development is a standard of living for individuals within a community and measures of growth such as per capita income do not necessarily correlate with improvement in quality of life. Based on the definition above, economic development implies economic growth and economic changes in certain variables to improve quality of living.

Textiles and textile products industries are the manufacturing sector that recorded the highest growth in 2019 (Indonesia Ministry of Industry, 2019). The growth reaches 15.08%, exceed the national economic growths of 5.0%. However, during the COVID - 19 pandemic, the market conditions for textiles and textile products were increasingly depressed. According to Indonesian Textile Association, Indonesia's textile industry has faced accumulative drop in revenue of 50%. This was mostly due to the COVID - 19 pandemic which drastically changed consumers' expectation, readjusting their lifestyles and spending. Additionally, because of social restrictions such as, school closures and having to work from home, the demand for uniforms declining.

c) Social

The demand for uniform is flat but the demand for fashion apparels grow with the seasonal and marketing trends. Thus, demand for the uniform fabrics was smaller than for fashion fabrics such as shirt, t-shirt, woman's clothes,

and so on. People think that uniform is not part of the fashion because of the limitation of the usage of the uniform.

d) **Technology**

Technological developments have a significant role in the textile and textile products industry. With the development of technology, industry can make products more efficiently at lower costs. The modern technology also makes the production process more efficient, requiring fewer human resources so as to reduce human error in production. For example, with the development of increasingly sophisticated looms, the textile industry can make difficult woven fabrics with various motifs and patterns. In addition, with various sensors that can detect errors in production such as weft sensors, it can reduce defects in fabric production and can also reduce human resources in the production process and quality control.

e) **Environment**

The environmental issues have become a main concern in people's minds, especially in textiles and textile products industry. Many companies do not treat industrial waste and dump it directly into the environment and surrounding rivers. It invites attention from the community and also the world to be more concerned about the surrounding environment.

f) **Legal**

- Company Deed, which consists of deed of company establishment and deed of amendment concerning authorized capital to establish a company.
- Location permits, where the location of the business is located.
- Land certificate used as a token of land ownership.
- Investment approval letter and permanent business license for business license in industry.
- Building construction permit to construct a building where the business location is located.
- Domicile certificate from the local government where the factory is established.
- Trading business license is needed to sell manufactured products.
- Company registration certificate as a company registered with the Ministry of Trade.
- Tax identification number for the Indonesian tax authorities.
- Limited importer identification number issued by the Ministry of Trade as a permit to import machinery for production as well as spare parts for own use during the production process.
- Master list, as a permit from the Directorate General of Customs and Excise for exemption from import duty.
- Water withdrawal permit, for taking water in the ground or wells.
- License for tera flow meter so that the flow meter used to measure water withdrawal in the ground conforms to the applicable standards.
- Environmental permits from the Ministry of Environment and Forestry include permits for disposal of liquid waste, permits for temporary disposal sites, as well as documents on environmental management efforts and documents for environmental monitoring efforts.
- Labor permits from the Ministry of Manpower and also permits for safety use of coal boilers, heavy equipment, lightning installations, hydrants, electricity, compressors, and others.

2. **Porter's Five Force Analysis**

Porter's Five Force Analysis is a tool to determine where the company's strength in facing the competitive situation in the industry. Using Porter's Five Force Analysis we can determine the strength of current competitive position of the company and the strength of the competition in an industry. Porter's Five Force Analysis uses five forces to define the competition in an industry (Porter, 2008). For the five forces that shape industry competition according to Michael Porter can be seen in Figure 2 below.

The Five Forces That Shape Industry Competition

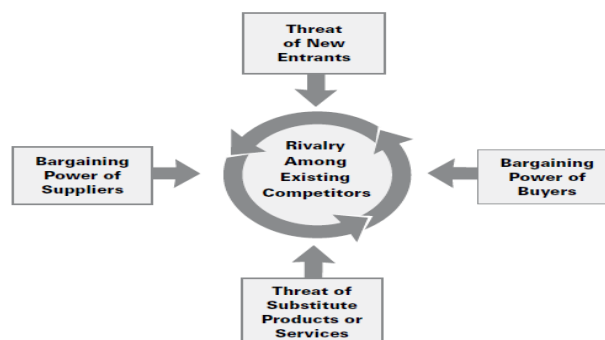


Figure 2 Porter's Five Force Analysis

(Source: Porter, Michael. 2008. *The Five Competitive Forces That Shape Strategy*. Harvard Business Review)

a) Threats of New Entrants (Low)

Competition in the existing market share is being fought over by giant companies that are incumbent in the industry. With the aforementioned factors, it is quite difficult for newcomers to enter the textile and textile product industry.

b) Threats of Substitute Products or Services (High)

Substitute products that provide the same needs and characteristics as PT. XYZ quite a lot on the market. Products from competitors that have lower prices with similar quality can be substitute products for consumers in the market. Buyers will find it easy to move to another product if the product offered does not have benefits for the buyer. Since demand for products are elastic, buyers will easily move from one product to another because there are quite a lot of substitute products available in the market.

c) Bargaining Power of Suppliers (Moderate)

Bargaining power from suppliers can be classified as moderate because PT. XYZ already has several suppliers that are quite close and have subscribed for a long time. Therefore, there are several suppliers who can supply goods for yarn, starch, chemicals, dyestuffs, resin for finishing, coal, and spare parts, there are several constraints the company has because they are hindered by relationships that have been built for several years, competitive price, the services offered, and the needs required by the company.

d) Bargaining Power of Buyers (High)

With the existing intense competition and the availability of substitute products in the market, buyers have high bargaining power for the company. Buyers can easily switch to other products if the product offered does not have the benefits that the buyer wants, especially products with lower price with good quality.

e) Rivalry among Existing Competitors (High)

PT. XYZ as a player in the textile and textile product industry has stiff competition with competitors in the same industry. The intense competition in the textile and textile products industry has placed PT. XYZ at a high level of competition. Several competitors offer products with lower prices and better quality service than PT. XYZ so that the level of competition in the industry is high.

3. Competitor Analysis

In business, it is very important for a company to understand its competitors in the industry. By understanding competitors, a company can understand the position and competition that exist in the industry and the competitive advantage, relative to the market. Competitor analysis can help companies identify threats and opportunities in the industry as well as the strengths and weaknesses of competitors so that the company can determine the strategies that will be taken for the future. Here are some of the competitors from PT. XYZ which has a similar product.

Table 2 Comparison of Marketing Mix among Rivalry

Marketing Mix (4P)	PT. XYZ	PT. NKS	PT. CST	PT. SRI	PT. DNT	PT. SPT
Establish	1988	1980	1987	1966	1974	1976
Product	Woven fabrics, Piece dyed fabrics.	Yarn, Woven fabrics, Piece dyed fabrics	Woven fabrics, Piece dyed fabrics	Yarn, Woven fabrics, Piece dyed fabrics, Garment	Yarn, Woven fabrics, Knit fabrics, Piece dyed fabrics.	Woven fabrics, Piece dyed fabrics, Printed fabrics.
Price	Rp 30.000 – Rp 70.000	Rp 20.000 – Rp 40.000	Rp 20.000 – Rp 45.000	Rp 30.000 – Rp 80.000	Rp 20.000 – Rp 65.000	Rp 30.000 – Rp 65.000
Place	Textile shops in Bandung and Jakarta, government, domestic and foreign market.	Textile shops in Bandung and Jakarta, domestic market.	Textile shops in Bandung and Jakarta, domestic and foreign market.	Textile shops in big cities, government, domestic and foreign market.	Textile shops in big cities, government, domestic and foreign market.	Textile shops in big cities, government, domestic and foreign market.

Promotion	Direct and indirect sales, website, public relation.	Direct and indirect sales, website, public relation	Direct and indirect sales, website, public relation	Direct and indirect sales, website, public relation	Direct and indirect sales, website, public relation	Direct and indirect sales, website, public relation
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2.1.3 SWOT Analysis

SWOT analysis is a compilation of the strengths, weaknesses, opportunities, and threats of a company. SWOT analysis is useful for understanding the situation and conditions currently being experienced by the company so that the company can evaluate which factors have an effect on the company. The model of the SWOT analysis can be seen in the following figure.

Table 3 SWOT Analysis of PT. XYZ

Strength	Weakness
- Low Minimum Order	- Lack of Marketing Promotion
- Good Company Reputation	- High Production Cost
Opportunities	Threats
- Potential Market Opportunities for Denim Fabrics	- Many Competitors
- Market Opportunities for Old Stock Fabrics	- Slow Growth Due to Pandemic Condition

2.1.4 Root Cause Analysis

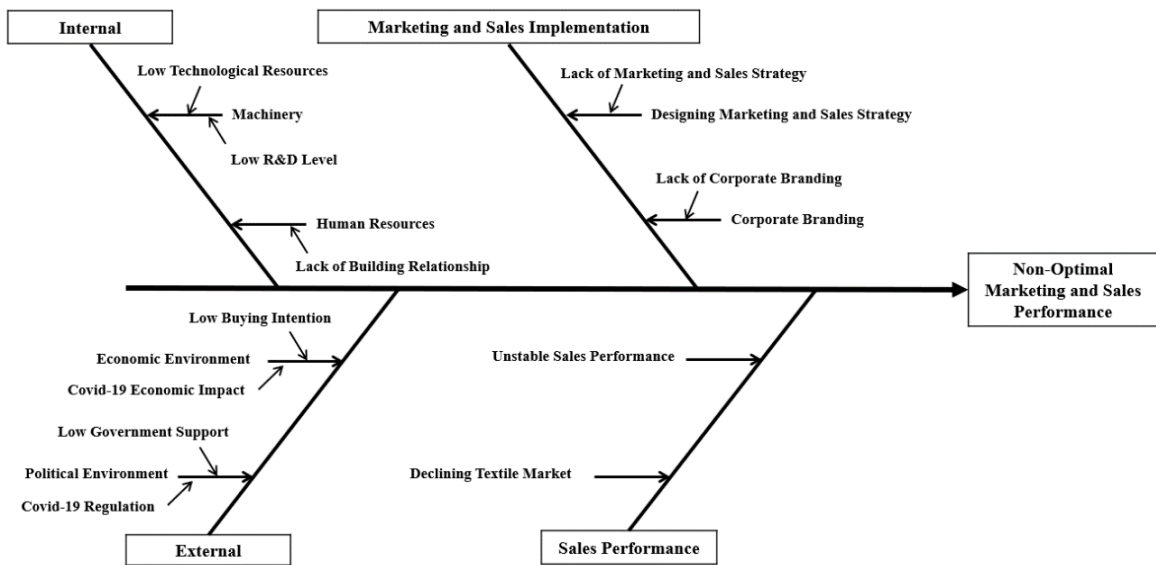


Figure 3 Root Cause Analysis of PT. XYZ

III. CONCEPTUAL FRAMEWORK AND RESEARCH METHODOLOGY

This conceptual framework help researcher to know the factors that could influence the declining revenue of the company and how to develop marketing strategy to increase revenue and sales of PT. XYZ. The conceptual framework that applied in this research could be seen in Figure 3.

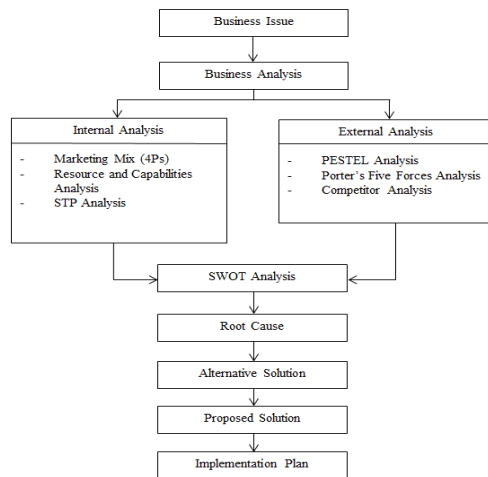


Figure 2 Conceptual Framework

Qualitative study is an approach to investigate and recognize the importance of a social or human issue for persons or groups (Creswell, 2014). If a topic or phenomenon needs to be investigated because there has been little study on it, then a qualitative approach is necessary (Creswell, 2014). This analysis uses qualitative methods to record data, interpret information and verify data validity using special protocols (Creswell, 2014). In order to identify the root cause analysis, researchers conduct a current condition analysis based on internal and external analysis. The outcome of the interview is collected by taking data interviews directly from implementers who are directly involved in PT. XYZ's daily operations. In this analysis, the research methodology shown in Figure 4.

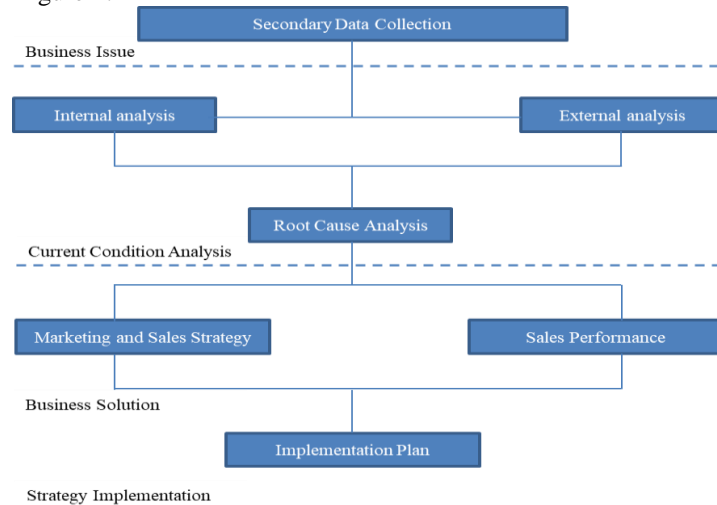


Figure 4 Research Methodology

IV. RESULTS & DISCUSSION

After analyzing and identifying the company's problems using the SWOT analysis method, several alternative solutions using TOWS Matrix with external and internal approach. By using the TOWS Matrix, it can provide several solutions that can be applied by companies.

Table 4 TOWS Matrix

	Strength	Weakness
	1. Low minimum order 2. Good company reputation	1. Lack of marketing promotion 2. High Production Cost
Opportunities	S – O Strategies	W – O Strategies
1. Potential market opportunities for denim fabric 2. Market opportunities for	(S ₁ O ₁) New Product Development (S ₂ O ₂) Trade in Program	(W ₁ O ₁) New Product Launch Marketing Strategy (W ₂ O ₂) Defensive Strategy

old stock fabric		
Threats	S – T Strategies	W – T Strategies
1. Many competitors	(S ₁ T ₁) Low Minimum	(W ₁ T ₂) Contract Renegotiation
2. Slow growth market due to pandemic condition	Customizable Order (S ₂ T ₂) Easy Payment	(W ₁ T ₁) Branding Strategy to improve brand awareness

Based on the alternative solutions above, researcher chose three alternative solutions as the proposed solutions for the company. The three alternative solutions are the most appropriate solutions currently seen from the needs and budgets of the company.

Table 5 Proposed Solutions

No.	Root Cause	Proposed Solution
1.	Internal	New Product Development <ul style="list-style-type: none"> • Develop new dye recipe • Develop new yarn composition • Develop new fabric construction
2.		Provide Good Services <ul style="list-style-type: none"> • After-sales service • Customer visitation
3.	Marketing and Sales Implementation	Customer Loyalty <ul style="list-style-type: none"> • Develop customer loyalty program

V. CONCLUSION

The changing conditions that affect the current business model are the pandemic situation and the market conditions for woven fabrics are not as passionate as they used to be. From the internal analysis, the conclusions are PT. XYZ lack of tangible resources such as automated production machines. From the external analysis PT. XYZ are the unclear government regulations for the import product make PT. XYZ has difficulty in competing in the market with imported products and the economic condition as a whole due to COVID-19 pandemic causing of social restrictions such as, school closures and having to work from home, make the demand for uniforms declining and change consumers' expectation, readjusting their lifestyles and spending.

ACKNOWLEDGEMENTS

The author would like to thank PT. XYZ for providing technical data and an opportunity to work on this research.

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