

## ONLINE MARKETING STRATEGY DESIGN THROUGH BENCHMARKING EVALUATION IN RADIN FASHION BUSINESS

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### ABSTRACT

*Radin is a fashion company founded in August 2013 in Surabaya. The company offers bags and handicrafts made from leather and combined with Indonesian craft materials. The purpose of this research is to design the marketing strategy for Radin based on their online sales through a benchmarking evaluation. This research is conducted using descriptive qualitative research method. The five informants interviewed in this study include the owners of benchmark companies that have been running for at least five years and shareholders of Radin. Interview, observation and documentation are used as data collection methods. Triangulation is used to test validity and reliability of the research data. The result of this study is a new marketing strategy formula Radin's online sales by means of a benchmark evaluation. Based on the analysis of the interviews with benchmark companies, it can be said the the strategy used by the benchmark companies is an aspect of E-marketing mix. E-marketing mix consists of product, price, place and promotion. This research suggests a new promotion strategy for Radin, which is product strategy, the company should add more variants, such as handbags, strap camera, gloves, wallet. Promotion can be improved by creating a website that will enable the company to send newsletters to consumers containing the latest information and e-coupons. Radin will also make sales through Market place to introduce Radin brand to the wider community. Price, Pricing that will be used is fixed using cost based pricing and value based pricing, but Radin will add competitor based pricing that is to see the price of competitors as a comparison to determine the cost of Radin products. Promotion, fix Facebook Fan Page first, then do online advertising through Facebook Ads to attract many visitors to Facebook Fan Page. In addition to Facebook Ads, Radin will also perform Instagram Ads. In addition, the next promotion that will be made is the endorsement to the endorser in accordance with the character Radin in order to present the brand image of Radin.*

**Keywords:** Benchmark, Marketing Strategy, Marketing, E-Marketing Mix.

### INTRODUCTION

One of the growing creative industries is the fashion industry. Tourism Minister Arief Yahya said that the potential of creative industries in Indonesia including the fashion industry to produce Gross Domestic Product (GDP) of 7% with a value of Rp 650 billion. In the current era of globalization, the development of the Internet is increasingly widespread. Through research conducted by the Association of Internet Service Providers Indonesia (APJII) the number of

internet users is increasing every year. The growth of internet users makes many companies that are in the fashion industry doing business with online-based. Serfiani, Purnomo and Hariyani explained that the prospect of online business or e-commerce in Indonesia is very smart because it is supported by the growth of the national economy, which is middle class population, the number of internet users, the increasingly popular use of smart phones, government arrangements, , fast and cheap (Serfiani, Purnomo, & Hariyani, 2013: 269).

Radin is a business in the industrial sector that manufactures bags which was established on August 1, 2013. The company uses traditional materials such as woven fabric, weaving, songket, batik to bamboo and wood. The basic materials and combinations of premium quality, Radin has medium to upper market target. Radin's sales system is through online and offline. To go online, Radin uses social media like Fanpage ([www.facebook.com/RADINBAG](http://www.facebook.com/RADINBAG)), Instagram (@radincraft), Twitter (@radincraft) and Tumblr ([www.tumblr.com/radincraft](http://www.tumblr.com/radincraft)) as a sales medium. Offline sales are done by attending several exhibitions, such as Sunday Market, Inacraft, Matrade, Wanderlust and others. However, online sales do not work well online as long as it does not compensate for the turnover of offline sales revenue made through exhibition activities, which is a problem for the Radin's company.

## **LITERATURE REVIEW**

### **Previous Research**

The first study written by (Wahana, Suyanto, & Amborowati, 2014) aims to measure which are the effective uses of social media that have been used as the basis of online business. Conducting descriptive method. With the subject of research using online business. The analysis of the research is a SWOT analysis and a low cost strategy with different indicators from the consumer and business side. The results of the study show that online business has implemented social media for its business up to 104%.

Further research by (Ribani, Fauzi, & Sunarti, 2015) aims to identify and explain the process of developing e-business in strategic products and businesses to succeed in e-business in the effort to achieve products or services conducted by Akademi Bisnis Online Indonesia in Surabaya . The type of research used is qualitative research. Technique of data retrieval is done by using data to get data or information directly to object which is object of research, which can give data or information related to research problem. The results of the study indicate that the development of information and technology encourages entrepreneurs to market products and ways so that consumers can easily know the products owned company to consumers.

Next research, was written by (Paul & Devie, 2014) which aims to determine whether there is an influence on benchmarking on competitive advantage and firm performance. Samples used are company managers in Surabaya. The hypothesis in this study was tested using Structural Equation Modeling (SEM) using Partial Least Square (PLS). Benchmarking used in this study is explained by using five stages of benchmarking namely plan, search, observe, analyze, and adapt. The competitive advantage used in this research is explained by using price, quality, delivery dependable, product innovation, and time to market. The results of these studies indicate that there is a significant positive benchmarking effect on competitive advantage.

Subsequent research was written by (Hong, Hong, Spirit, & Park, 2012) aimed at reviewing the main part of the literature on benchmarking practice to achieve a better perspective in the flow of benchmarking research. The study examines the benchmarking literature and presents a framework that demonstrates the benchmarking patterns of emerging companies and discusses research published in the "Benchmarking: An International Journal" and other articles related to benchmarking practices. The results of the research show that benchmarking is an important strategic tool for a business.

## **THEORETICAL FRAMEWORK**

### **Online Business**

Online Business or e-commerce is defined as the exchange of goods or services through the internet or other electronic media which includes communications, transactions and settlement of payment mechanisms in accordance with the basic principles applicable to traditional trades where buyers and sellers exchange goods or services with payment media in the form of money without meeting directly between the seller and the buyer (Serfiani, Purnomo, & Hariyani, 2013).

### **Marketing Strategy**

Tull and Kahle define marketing strategy as a fundamental tool planned to achieve a company's goals by developing sustainable competitive advantage through markets (Pranoto, Hapsari, & Prianto, 2015). The main focus of marketing strategy is to effectively allocate and coordinate marketing resources and activities to achieve the goals of an enterprise in a specific market product (Mullins, Walker, & Boyd, 2013: 43).

### **E-Marketing Mix**

E-Marketing Mix according to Strauss and Frost there are four aspects, namely (Strauss & Frost, 2012):

#### **Product (Offer)**

Product is a benefit that can meet the needs of an organization or consumer and for those who are willing to exchange money or other items in accordance with the value possessed by a product.

#### **Price (Value)**

Price is the nominal amount or money charged for a product or service.

#### **Place (Distribution)**

Place is a place or location to market a product or service owned by a company.

#### **Promotion (Communication)**

Promotion is an activity undertaken by the company to communicate the value of the product owned to the target market that has been determined.

### **Benchmarking**

Benchmarking is a learning process to find a better way of doing things. The main philosophy of benchmarking is the ability to recognize the shortcomings of oneself and recognize that one is doing a better job. Benchmarking activities are often conducted on companies that are in one industry (Lussier, 2012).

### **Benchmarking Wheel**

There are five stages of benchmarking process commonly referred to as benchmarking wheel (Paul & Devie, 2013): Plan, Search, Observe, Analyze, Adapt.

### **SWOT Analysis**

Galavan (2014) says that, SWOT analysis (Strengths, Weakness, Opportunities and Threats) is an analysis used to determine the right strategy to apply firms based on public circumstances and markets, where opportunities and threats are used to identify the company's external environment and compare it with strengths and weaknesses obtained through internal environmental analysis.

## **RESEARCH METHODS**

### **Types of research**

The research used qualitative research with case study method using descriptive qualitative research, because the problem studied is case study about Radin company and describes the right marketing strategy for Radin through benchmarking evaluation.

### **Research Subject**

Subjects in this study can be referred to as informants. The sampling technique used is purposive sampling, that is sampling technique of data source based on certain consideration (Sugiyono, 2013: 368). The subject of this study is the informant who knows about the social situation under study. Research subjects used in research that is the informant owners of companies engaged in the fashion industry as a benchmark company, informant company owner Radin, an informant who is expert in the field of online marketing strategy.

In order to get the right data it is necessary to determine informants who have competence and in accordance with data needs (purposive). Therefore, subjects who meet the above criteria are required to enable the data to be obtained.

#### **Data Collection Method**

This research is a qualitative research using descriptive analysis of the results of data collection from exploration at source. Data collection techniques in this study include:

##### **Interview**

Interviews will be conducted semi-structured including in-depth interview categories. This study, interviews were conducted for benchmark companies, project partners and online-based marketing strategy experts to explore deeper information about appropriate marketing strategies for Radin's business.

##### **Observation**

Researchers conducted observations with unstructured. Unstructured observation is an observation that is not systematically prepared on what to observe, making the focus of the study will evolve during observation activities. Observations were made to collect data from research subjects by looking at what was important and interesting during the benchmark company's evaluation process, analyzing and drawing conclusions.

##### **Documentation**

According Sugiyono (2013: 396), the documentation is a complement of the use of observation and interview methods in qualitative research. Researchers use documentation techniques to collect internal company data consisting of transcript interviews and photos.

##### **Validity and Reliability**

Validity according to Neuman is the suitability between the measuring instrument and something to be measured, so that the measured result can represent the actual size dimensions and can be accounted for (Herdiansyah, 2010, p. 190). Validity used in this research is triangulation method that is data collection technique which is combining various data collecting technique and also existing data source.

Neuman explained that reliability is consistent, when measuring a thing in the same or relative condition over and over again, it will get the same or relatively similar results between the first measurement with the next, or the results obtained between one researcher with another researcher is relatively the same or is not much different so that raises a similar point of view that leads to confidence in the results of the research (Herdiansyah, 2010, p.184-185).

##### **Data Analysis Method**

Data analysis in qualitative research is the selection of important data, presenting data and drawing conclusions Miles and Huberman in Afrizal (2014: 174). This data analysis method resulted in three stages in analyzing data ie data reduction, data presentation and conclusion (Ghony et.al, 2012). The steps taken to analyze the data are as follows:

##### **Data Reduction**

Data that researchers have gathered from observational sources and interviews will group researchers and discard unnecessary data. The member check process is performed to find data relevant to the data process in the data reduction stage.

##### **Presentation Data**

The data that have been grouped and have been checked will be selected again by the researchers based on data required and in accordance with this research. Researchers will

present the data in the form of tables that have been divided into several categories to make it easier to understand.

**Drawing Conclusions**

Withdrawals will be made when the researcher can provide the right strategy that can be applied to online sales. Evaluation used in this research is Radin compilation can respond and apply appropriate strategy.

**Stages of Data Analysis**

In this study required the data to be processed. Researchers obtain data based on the steps - the steps below:

1. Selection of appropriate informants by tailoring the research topic.
2. Make an appointment to the informant to conduct the interview.
3. Conducting interviews with informants in accordance with the selection criteria.
4. Observe the behavior or gestures of the informant during the interview process.
5. Reduce data that has been collected from interview and observation process.
6. Conducting member check on interview result.
7. Conduct processing of interview results that are tailored to the opinion of the informant through the evaluation of the company.
8. Formulate conclusions from interviews with informants.

**DISCUSSION**

There are four aspects of E-Marketing Mix, product / service, pricing / valuation, place / distribution and promotion / integrated communicating mix (Strauss & Frost, 2012).

**Product**

**Table 1. Product**

Company	Variant Product	Rejected Product	Detail Information
Radin	Combination of leather with traditional Indonesian materials (slingbags, tote bag, clutches)	Yes	Yes
Vernee Leather	Leather (backpacks, slingbags, handbags, wallets, bracelets, camera straps, gloves)	Yes	Yes
Noesa Satu	Combination leather with woven bags (handbags, hats, camera straps, strap bags, apparels)	Yes	Yes
Revolt Industry	Leather (wallet, bracelet, tag id, belt, gloves)	Yes	Yes

Source: Data processed, 2017

Can be seen if Radin only produce some kind of product only, that is slingbags, tote bag and clutches. From a benchmarking point of view, the product is influenced by purchasing decisions and consumer tastes (Morissan, 2010). The statement that the product is influenced by purchasing decisions as well as consumers can be seen from the statement of the benchmark company owner who explained that at the beginning of building their company only has some type of bag products only, but as the company grows and consumer demand and needs increase, then they make the addition of variants product. Even the benchmark company, Verne Leather is currently not only producing it but penetrated into other models such as wallets, bracelets,

gloves, strap cameras and much more product development is done. Noesa One also made the addition of product model variants such as hats, apparels, camera straps along with increasing consumer demand. Revolt Industry adds products such as key wallets, gloves and laptop bags.

Benchmark companies such as Verner Leather, Noesa One and Revolt Industry provide specific information about each product such as product photos, product names, specifications, pricing, dimensions on Web sites, Instagram and Facebook. Radin has also provided detailed information on specific product description owned by the company in online media such as Instagram and Facebook. It is part of the attributes that include the specifications, qualities and features of the product. In addition to attributes, it is also labeling or product labels that identify brands, materials from products and usage instructions (Strauss & Frost, 2012).

Support service is an important component in value propotion). Support services provided by benchmark companies to consumers by providing a warranty in the form of replacement of products if the product reaches the hands of disabled consumers. Benchmark companies also provide services to consumers to ask for more information about the desired product, but will be answered on business hours or can ask through the comment field located on the benchmark company's Web site.

**Price**

Price is the nominal amount or money charged for a product or service.

**Table 2**

Company	Price	How to Set the Price
Radin	Rp75.000 – Rp1.500.000	<i>Cost-based pricing, value-based pricing,</i>
Verne Leather	Rp50.000 – Rp2.000.000	<i>Cost-based pricing, value-based pricing.</i>
Noesa Satu	Rp100.000 – Rp2.000.000	<i>Cost-based pricing, value-based pricing, competitor-based pricing.</i>
Revolt Industry	Rp75.000 – Rp1.500.000	<i>Cost-based pricing, value-based pricing,</i>

Source: Data processed, 2017

Shows a comparison of pricing and how to set it between Radin and benchmark companies. There are three types of pricing strategies, namely cost based pricing, value based pricing and competitor based pricing (Wahyudi, 2015).

Radin and the three benchmark companies, set prices using cost based pricing that is by calculating the cost incurred to make the product is then calculated the appropriate selling price for the product that has been produced. On the other hand, there are some products that are established with value based pricing that is applied to consumers who customize the product for this price determination not only based on the cost incurred during production, but the company also weighs the value of the product. While Noesa One sets the price of competitor based pricing by weighing the price set by competitors to sell the product.

**Place**

Place or distribution channel according to Kotler and Armstrong (2012, p.62) ie choosing and managing the trading channels used to distribute products or services and to serve the target market and develop distribution systems for physical product delivery and commerce.

**Table 3**

Company	Media Online Sales	Delivery Service
Radin	<i>Instagram, Facebook, Line, Twitter</i>	JNE.
Verne Leather	<i>Instagram, Facebook, Line, Web site. Market place.</i>	JNE, cargo via land, air, sea.

Noesa Satu	<i>Instagram, Facebook, Web site, Market place.</i>	JNE.
Revolt Industry	<i>Instagram, Facebook, Web site.</i>	JNE.

Source: Data processed, 2017

Can be seen if the four companies use social media that is Instagram, Facebook, and Line in the sale of their company products. Radin has not used the sales medium through the web site as it has done by the three benchmark companies and the sales through the market place is done by Verne Leather and Noesa One.

Radin and the three benchmark companies are online-based companies, so for consumers who make purchases of products must use a delivery service to receive goods that have been purchased. The four companies use JNE delivery services, because JNE is one of the delivery services that have tracking feature that allows consumers to obtain information about the delivery of products purchased. Meanwhile, Verne Leather also uses shipping services via land, air and sea cargo for large quantities of shipment because the cost incurred is also not as big as other shipping services if in large quantities.

**Promotion**

Promotion is a variety of ways to inform, persuade and remind consumers directly or indirectly about a product or brand being sold (Kotler and Keller, 2012).

**Table 4**

Company	Promotion Media
Radin	<i>Instagram, Facebook, Line, endorsement, clearance sale.</i>
Verne Leather	<i>Instagram, Facebook Ads, Line, Market Place, endorsement, Web site, news letter, give away, e-coupon, clearance sale.</i>
Noesa Satu	<i>Instagram, Facebook Ads, Google Ads, Line, Market Place, endorsement, Web site, news letter, give away, e-coupon, newsletter, clearance sale.</i>
Revolt Industry	<i>Instagram Ads, Facebook, Line, Google Ads, Web site, news letter, give away, e-coupon, clearance sale.</i>

Source: Data processed, 2017

The three benchmark companies, they've done online advertising through Facebook Ads and Google Ads that help the three companies to introduce the benchmark company brand to the public, but Radin has never done online advertising.

Radin, Verne Leather and Revolt Industry also conduct sales promotion activities in the form of clearance sale. This promotional activity serves to spend the stock of collections of products that have been old but not yet sold in order to avoid stockpiling too much. Radin also provides a discount of 10 percent for subsequent purchases to consumers who upload their photos using Radin products on Instagram. This is done so that consumers help introduce the company's product Radin to followers they have in Instagram.

Radin has never done a contest for consumers in the form of a give away as the three benchmark companies do. This activity is one of the promotional activities that can quickly introduce the company brand to the community.

Radin does not own and use the web site to conduct promotional activities as has been done by the three benchmark companies. The four companies have done promotion on social media such as Instagram, Facebook and endorsement. According to the statement of one benchmark company that is owner of Noesa One, endorsement is the most influential promotional activities on the sale of products in the online business because endorsement can show branding and image of a company when using endorses that character in accordance with the company.

## CONCLUSION

The results obtained from this research is Radin will add product variants such as handbags, strap camera, gloves, wallet. Radin must also create a Web site in order to conduct promotional activities through the newsletter so that it can always provide the latest information to consumers and provide promotions in the form of e-coupon to consumers. In addition Radin will also make sales through Market place to introduce Radin brand to the wider community.

Other promotions that will be used is to fix Facebook Fan Page first, then do online advertising through Facebook Ads to attract many visitors to Facebook Fan Page. In addition to Facebook Ads, Radin will also perform Instagram Ads. In addition, the next promotion that will be made is the endorsement to the endorser in accordance with the character Radin agat can present the brand image of Radin.

The fixed price determination is to use cost based pricing and value based pricing, but Radin will add competitor based pricing that is to see competitors' prices as a comparison to determine the cost of Radin products.

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