



Marketing Strategy of “AL” Traditional Medicine Products: Case Study in “SP” Company in Yogyakarta

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ABSTRACT

Background: Exclusive breastfeeding is an effort to avoid cases of stunting in children. However, the breastmilk produced by the mother is not always enough to meet the needs of the baby. PT. SP is one of the companies that manufacture “AL” as a traditional herbal medication (a combination of *katuk* and moringa leaves) that can boost milk production. However, the sales of this product are not optimal yet, meaning competent marketing strategies are needed.

Objective: This study aimed to identify and analyze the internal and external factors of PT. SP to gain an understanding of the company's position so that the best marketing strategy can be determined.

Methods: This study was carried out using an analytical descriptive method involving key informants including the supervisor of production, Quality Control, Quality Assurance, and the marketing division. Data analysis utilized the Internal Factor Evaluation (IFE), External Factor Evaluation (EFE) Matrix, and Internal-External (IE) Matrix.

Results: Based on the analysis PT. SP had significant internal factors for capturing opportunities and facing threats, as shown in cell IV. It indicated that PT. SP is a growing and developing company. The most suitable marketing strategy needed is an intensive strategy, such as market penetration, market expansion, and product development. An integration strategy is carried out, which is forward integration.

Conclusion:

The company was positioned in cell IV in the IE matrix, namely growing and developing. It is suggested that the strategies that can be used to improve marketing are intensive and integration strategies.

Keywords: Breastmilk booster; IE matrix; IFE-EFE; marketing strategy; traditional medicine

INTRODUCTION

Stunting refers to a condition of malnutrition which is shown by the height of the person is shorter than the height of other people of the same age. The stunting rate in Indonesia in 2022 was 21.6%. This rate has decreased by approximately 3% from the year 2021.¹ Stunting can occur when a person suffers from malnutrition during the First 1000 Days of Life (HPK) which is permanent and difficult to recover from (Kemenkes, 2018). Stunting can be prevented by breastfeeding the babies from birth to two years old. Breastfeeding rates for babies under two years old (*Baduta*) have been consistently above 90% from 2017 to 2021. It is claimed that 90% of *Baduta* in Indonesia were given exclusive breast milk. However, there were still 10% of *Baduta* who had never been given breast milk. Some factors that influence breastfeeding toward *Baduta*. Fikawati and Syafiq discovered that the most common reason for the mother to quit exclusively breast-feeding her baby was that the production the breast milk was unable to meet the needs of the baby.² According to the Report on Result of National Basic Health Research (Riskesmas) in 2018, the main reason babies are not/ did not give breast milk was because the milk does not come out or there is not enough(65,7%).³

Marketing Strategy of “AL” Traditional Medicine Products:

Many factors can affect the increase of breast milk production, one of which is the use of Breast Milk Booster (ASI Booster). Breast milk booster that contains lactagogue is thought to stimulate breast milk production.³ One of some natural ingredients that have been widely researched and confirmed to help boost breast milk is moringa leaf.⁴ This opportunity was well captured by PT. SP is one of the business units of a large corporation in Indonesia. PT. SP produces a breast milk booster named AL that is made from moringa leaf extract, *katuk* leaf, and ginger. This product was developed based on the hereditary habits of Indonesian people in consuming these natural ingredients to increase breast milk production. Moreover, this result was supported by scientific research by Mustofa et al which developed the polyherbal formulation of the extract of *katuk* and moringa leaf and obtained the result that this combination was able to significantly increase breast milk production.⁴

The AL product was launched by the company at the end of 2021. Sales tend to be stuck from the beginning of the launch until 2022. Inventory related to the product stock became the company's primary concern which needed to be addressed immediately. Currently, the marketing team has not promoted the product optimally. The strategy employed by the company is to maximize visits and approaches to pharmacies, which was established based on the experiences of the marketing team. This strategy is not enough to introduce the product to the market. To be able to market the products optimally, an appropriate marketing strategy is required based on the company's conditions. As a result, it is critical to undertake an analysis regarding the environmental factors as well as internal and external factors of the company. Thus, identification of the company's internal factors (strengths and weaknesses), and external factors (opportunities and threats) is necessary to obtain a big picture of the company's position and determine the most appropriate marketing strategy.

METHODS

Study Design

This study utilized a descriptive methodology. Descriptive research involves more than just gathering and compiling data because it also analyzes and interprets the significance of the data.⁵ This method is also known as an analytical descriptive method, and it focuses on solving existing actual problems. This study was conducted at PT. SP Yogyakarta manufactures herbal medicines that are used as breast milk boosters. This research has received ethical approval from the Ethics Commissions of FK-KMK UGM Yogyakarta with the number KE/FK/0212/EC/2024

Population and Samples

Population

The population in this study are all employees involved in the company's business processes, especially for AL products.

Sample

The inclusion criteria in this study were coordinators from the production, Quality Control, Quality Assurance, and marketing divisions with a minimum work period of 1 year. The coordinator was chosen because they are a leader on their team and has more knowledge about the company's business process. Then, the exclusion criteria were personnel who were unwilling to be involved in the research.

Data Collection

Formulating a strategy begins with identifying factors that can positively or negatively influence the company. The analyses of the internal environment included marketing mix, human resources, management, and operations. Then, the external environment was analyzed, including demographics, economics, socio-cultural, law and politics, marketing, and competitors. Internal analyses were conducted to find out the company's strengths and weaknesses, while external analyses were used to identify factors that constitute the opportunities and threats to the company. In this research, the identification of internal and external factors was carried out and involved several key informants in the business process of this product. The data collection technique in this study is observation and interviews to find out the company's SWOT. Data collection began with observation through a presentation and explanation about the company by one of the company directors. Next, interviews were conducted with informants who met the criteria to confirm and complete the observation results.

Study Instruments

Instruments are arranged based on SWOT observation. Instruments use a scale of 1 to 4. The scale shows the influences of these factors on the company's condition. Scale of 1 (least influences) and 4 (most influences). The instrument's content validity asses by the research supervisor.

Data Analysis

The analytical method employed in this study was the analysis of internal and external factors using the IFE and EFE matrix Then, the company's position and marketing strategy were further determined by using the IE matrix. The data analysis process is in the below figure. Figure 1.

IFE and EFE Matrix

The IFE and EFE matrix is used to determine the influences of internal and external factors on the company's business processes. Matrix IFE and EFE are represented in Figures 2 and 3.

The stages for using the matrix are:

1. Write the internal factor in the IFE matrix and the external factor in the EFE matrix.
2. Value (a), the value indicates the relative importance of a factor to a company's success in the industry. The responses from all informants are summed (m). The responses from all informants for each indicator are summed (n). The value (a) is (n) divided by (m), so the scale is 0 to 1.
3. Rate (b), the rate is based on the effectiveness of the company. The average of the informant's response for each indicator is the rate.
4. The IFE and EFE score is obtained by multiplying value (a) and rate (b). The summed of the IFE score (A) and EFE score (B) will be used in the IE matrix.

IE Matrix

The combination of the IFE and EFE produces an IE matrix which contains nine types of cells. Figure 3. This matrix is used to determine a more detailed business strategy at the business unit level. In this matrix, IFE score (A) is the x-axis and EFE score (B) is the y-axis.

RESULTS AND DISCUSSION

Research Respondents/Participants

This research involved company employees who are responsible for the product production and marketing process. The research involved 5 people consisting of 1 pharmacist in charge of production, 1 person from the Quality Control division, 1 person from the Quality Assurance division, and 2 people from the marketing division.

Internal and External Factors Analyses

Here is the list of strengths and weaknesses (Table I) and the list of opportunities and threats (Table II). This result was obtained from the informant's answers through interviews.

Assessment of Internal and External Factors

Based on the internal and external factor analysis, each factor was assessed using the IFE matrix (Table III) and EFE matrix (Table IV).

Based on the two tables above, it was reported that the total score of each matrix was 3.67 for the internal factor matrix and 2.98 for the external factor matrix. This score would be used to determine the position of the company. A similar analysis was done for the marketing of Bidara herbal home products in Palopo. The results showed an internal matrix value of 3.00 and an external matrix of 2.46.⁶ Moreover, a study by Rimba Raya Mushrooms obtained an internal matrix value of 2.81 and an external matrix of 3.10.⁷

Determining the Company's Position

To determine the company's position, the researcher used an internal-external matrix. Rangkuti mentioned that the goal of employing an internal-external matrix is to capture the company's position and progress through detailed analysis. The Internal-External Matrix was built around two key points, namely the total score of internal factors in the X axis and the total score of external factors in the Y axis, which would eventually result in 9 cells.

Marketing Strategy of "AL" Traditional Medicine Products:

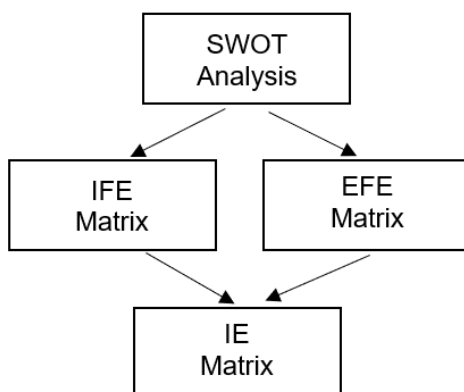


Figure 1. Flow of Data Analysis

No	Factor	Value (a)	Rate (b)	Score (a x b)
Strengths				
1	.....	...	...	...
2	.....	...	...	...
3	.....	...	...	...
4	Etc.	...	...	...
Weaknesses				
1	.....	...	...	...
2	.....	...	...	...
3	.....	...	...	...
4	Etc.	...	...	...
Total		1		A

Figure 2. Matrix IFE

No	Factor	Value (a)	Rate (b)	Score (a x b)
Opportunities				
1	.....	...	...	...
2	.....	...	...	...
3	.....	...	...	...
4	Etc.	...	...	...
Threats				
1	.....	...	...	...
2	.....	...	...	...
3	.....	...	...	...
4	Etc.	...	...	...
Total		1		B

Figure 3. Matrix EFE

Based on the calculation in the previous stage, it is known that the value of the internal factor is 3.67 and the external factor is 2.98. In the Internal-External Matrix, PT. SP was placed in the cell IV (Figure 4). Bidara Herbal Home in Palopo also placed in the same position with the value of internal and external factors was 3.00 and 2.46.⁶ On the other hand, the product from Rimba Raya Mushroom was placed in cell II in which internal and external factors were valued at 2.81 and 3.10⁷ respectively.

Therefore, according to the results of the company position analysis, PT. SP can use intensive and integration strategies to maximize product marketing.^{9 10}

Several ways might be used to apply intensive and integration strategies.¹¹ In intensive strategy, there are 3 applicable approaches, such as market penetration, market development, and product development. Meanwhile, the integration strategy can be done by arranging backward, forward, and horizontal integration.¹¹

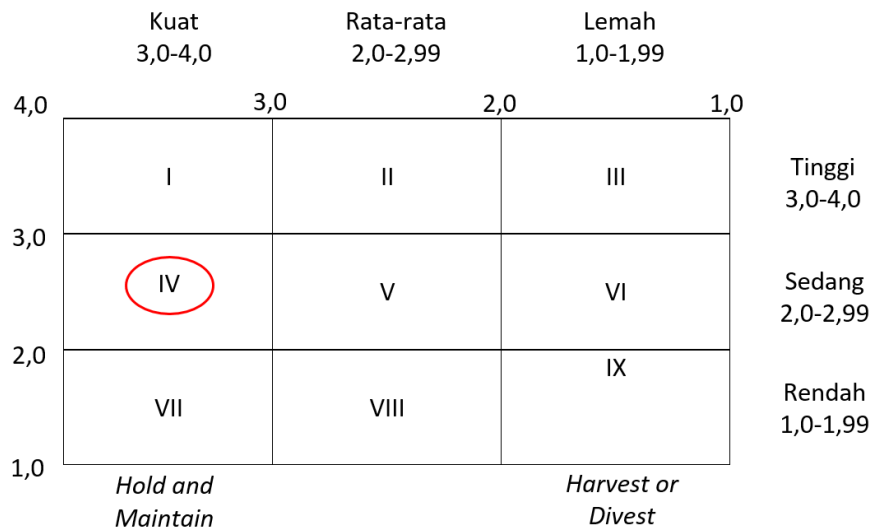


Figure 4. Internal-External Matrix (Rangkuti, 2015)

Of the nine existing cells, they are divided into 3 different strategies, namely:⁸

- a. Cell I, II, and IV are growth and development positions where intensive and integration strategies can be used.
- b. Cell III, V, and VII are the positions where guarding and defending strategies are the most suitable to be used.
- c. Cell VI, VIII, and IX are the positions for using harvest and divestment strategies

Table I. List of Company Marketing Strengths and Weaknesses

Strengths	<ol style="list-style-type: none"> 1. The product has a good quality. 2. It has its own production facilities. 3. CPOTB certified. 4. The product has a BPOM distribution permit. 5. Products produced are based on integrated research 6. It has attractive product packaging 7. Branding the corporate name attached to the product.
Weaknesses	<ol style="list-style-type: none"> 8. It has many raw material supplier relationships 1. Insufficient number of marketing human resources. 2. The promotions carried out are not optimal. 3. Promotional facilities are not optimal. 4. The use of social media/online is not optimal. 5. The product prices are higher compared to competitors.

Table II. List of Company's Opportunities and Threats

Opportunities	<ol style="list-style-type: none"> 1. Back to nature lifestyle trend 2. The growth of online marketing trend 3. Movement for the First 1000 Days of a Child's Life 4. Clear market segmentation (pregnant and breastfeeding women) 5. Limitations for pregnant and breastfeeding mothers to consume chemical drugs 6. Sales relations from the corporate scope
Threats	<ol style="list-style-type: none"> 1. Development of the herbal medicine industry on a national scale. 2. Economic issues that cause changes in the prices of raw materials. 3. Price competition with competitors. 4. The existence of new competitors.

Intensive Strategy

Market Penetration

Market penetration is an effort to increase the product's market share in the current market with greater marketing efforts. Market penetration by a corporation is a key factor in achieving optimal marketing

Table III. Marketing Internal Factor Evaluation (IFE) Matrix

No	Factor	Value	Rate	Score
Strengths				
1	The product has a good quality	0,08	4	0,34
2	It has its production facilities	0,08	4	0,34
3	The production facilities are CPOTB-certified	0,07	3	0,23
4	The product has a BPOM distribution permit	0,08	4	0,34
5	Products produced are based on integrated research	0,08	4	0,28
6	It has attractive product packaging	0,08	4	0,34
7	The name of the brand is under a big corporation and attached to the product	0,06	3	0,19
8	It builds many relations with raw material suppliers.	0,08	4	0,28
Weaknesses				
1	Insufficient number of marketing human resources	0,07	3	0,23
2	Promotions are not yet optimal	0,08	4	0,28
3	Promotional facilities are not optimal	0,08	4	0,28
4	Lack of using social media or online promotions	0,07	3	0,23
5	The product has a higher price compared to competitors	0,08	4	0,28
Total		1		3,67

Tablet IV. Marketing External Factor Evaluation (IFE) Matrix

No	Factor	Value	Rate	Score
Opportunities				
1	Back to nature lifestyle trend	0,12	3	0,40
2	The growth of online marketing trend	0,12	3	0,40
3	Movement for the First 1000 Days of a Child's Life	0,10	3	0,26
4	Clear market segmentation (pregnant and breastfeeding women)	0,12	3	0,40
5	Limitations for pregnant and breastfeeding mothers to consume chemical drugs	0,14	4	0,58
6	Saler relations from the corporate scope	0,11	3	0,33
Threats				
1	Development of the herbal medicine industry on a national scale.	0,07	2	0,14
2	Economic issues that affect the changes in the prices of raw materials	0,05	1	0,06
3	Price competition with competitors	0,07	2	0,14
4	The existence of new competitors	0,10	3	0,26
Total		1		2,98

performance.¹² This is in line with other research which states that market penetration is proven to influence marketing performance.¹³ To attain this goal, several steps can be taken, including strengthening marketing human resources, and more intensive promotional operations both offline and online.¹¹ Promotion is important because it informs buyers about the product and its presence. Promotion is a method of transmitting product information and boosting communication with customers.¹²

Offline promotions can be done by setting up exhibition booths and creating gimmicks and promotional materials that can be distributed to consumers. In the modern era, the use of digital has a significant impact on marketing activities. Utilizing social media as a marketing communication tool is the best way to expand the market and reach out to the young generation. Apart from that, the use of social media also accelerates the possibility of sharing information and testimonials, as well as gathering customers' feedback.¹⁴ Therefore, the company can build a digital marketing team that will focus on managing everything related to digital, including activities on social media and e-commerce.

Market Expansion

Market expansion or market development is a medium-risk strategy, selling the product to the new customers.¹⁵ The aim is to introduce products into new areas or segments. Currently, the company focuses solely on pharmacy customers in Yogyakarta only. Opening new shops specializing in mother and infant equipment can help to jumpstart market expansion. This can also be seen as an opportunity as it is known that traditional medicine products can be bought and sold with looser regulations compared to chemical medicines.

Product Development

Product development is a medium-risk strategy that improves or modifies existing products for existing customers.¹⁵ Recently, the trend for breast milk boosters is towards products in the form of snacks or drinks. Therefore, the next step that can be taken is to consider producing the AL breast milk booster with a cookie variant.

Integration Strategy

Forward integration is a strategy that can be implemented by PT. SP to provide distributors and retailers more control over product distribution.⁷ What the company can do is to collaborate with Pharmacy X which is still within the same company. Pharmacy X will be the main retailer for AL products so that consumers will easily get the products offline at the pharmacy.

CONCLUSION

Based on the analysis of the company's internal and external factors, it is recognized that the company was positioned in cell IV in the IE matrix, namely growing and developing. It is suggested that the strategies that can be used to improve marketing are intensive and integration strategies.

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STATEMENT OF ETHICS

This article was written under the code of ethics and not published or under review in other journals.

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